



CHINA  
INTERNATIONAL FAMINE RELIEF COMMISSION

Series B



No. 37

HERR RAIFFEISEN AMONG CHINESE FARMERS

EXPERIENCES GAINED IN RURAL CO-OPERATIVE  
CREDIT IN A NORTH CHINA PROVINCE  
SINCE 1922

PEIPING, April, 1930

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# CHINA INTERNATIONAL FAMINE RELIEF COMMISSION

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**Functions:** (1) To handle relief measures in time of famine due to natural causes and (2) to promote ways and means to prevent future famines.

**Head Office:** 6 Ts'ai Ch'ang Hutung, East City, Peiping (Peking).

**Telegraphic Address:** "Famrel" or "2405".

**Codes Used:** Bentley's, Mission and C.I.M.

**Telephones:** 3234 or 4404, East Office.

**Provincial Committees:** Hopei, Shantung, Honan, Shansi, Hupeh, Hunan, Shensi, Peiping, Kiangsi, Szechwan (Chungking), Kweichow, Yunnan, Chahar, Kansu, and Suiyuan.

**Standing Sub-committees:** On Credit and Economic Improvement; on Rural Co-operation; on Publicity; on Constitution and By-laws; on Finance; on Program.

**Executive Body:** One Executive Committee, consisting of Chinese and foreigners in equal numbers, elected annually by and among representatives from the provincial committees together with certain co-opted members.

**Executive Committee, 1930:** S. J. Chuan, Y. S. Djang, George R. Grose (Wm. H. Gleysteen, *proxy*), Hardy Jowett, K. Kanai, Y. Tze H. Li, M. T. Liang, G. Padoux, (Y. T. Tsur, *proxy*) J. B. Tayler, Y. Y. Tsu, W. W. Yen.

**Committee on Rural Co-operation:** C. C. Chen, Ta Chen, C. Z. Chen, H. S. Chuo (*Executive Member*), Y. S. Djang (*Secretary*), R. Feng, Y. C. Koo, T. New, J. B. Tayler (*Chairman*), S. T. Tung (*Executive Member*), Kato Yang.

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**Rural Improvement Department:** Yang Shi-cheng, *chief*, Chen Hung-han, Chiang Pei-tu, Chu Er-han, Fang Hsi-shan, Hou Li-shan, Hsia Nien-hsien, Kao Nai-ming, Kao Yi-jiang, Li Hsueh-chin, Li Nien-tse, Na Chuan-shan, Pao Sung-chin, Tien Chi-lung, Tsang Chun-hua, Tsui Yuan-tao, Tu Keh-ming.

**Auditors:** Messrs. Thomson & Co., *Chartered Accountants*.





The China In. '22' session became interested in rural co-operation soon after its founding in 1922. Feeling its way through the pioneer stages, it has gained experiences that for scientific reasons should be preserved.

Thus, for the information of the co-operative world, a small pamphlet was issued in April, 1926. It bore the title: Rural Co-operative Credit in China—History, Plans and Prospects. This and other reports issued from time to time have been frequently consulted by both students and administrators.

The movement having now gone forward for another four years, it is thought highly desirable that the subject matter be brought up-to-date. The task has not been an easy one, for material and especially figures have to be gotten together from various sources for the purpose. The two articles herein printed have been written by two members of the Executive Committee who are specially interested in this phase of the varied C.I.F.R.C. work.

Though they have dealt with the same subject, each in his own manner, a reader would gain a much more balanced perspective through reading both articles than if either is presented to him alone. The more formal and other less cohesive materials are placed at the reader's disposal in the form of appendices.

For obvious reasons, much reading matter is in the Chinese language, including a monthly bulletin whose 56th issue has been distributed. Application for literature in Chinese is welcome.

As these pages go to press, there is strong likelihood that the co-operative movement, started by the C.I.F.R.C. will in the near future be led forward by the provincial government of Hopei. This new development gives rise to two new hopes. Supported.

by the authorities, rural co-operation in Hopei will forthwith receive the needed help and enjoy a steady growth till it is strong enough to fly on its own wings.

Its responsibility in Hopei being thus lessened, the C.I.F.R.C. will be in a position to introduce co-operation into other provinces in much the same way as it did in Hopei. This being the trend of events, the appearance of this volume at this time—embodying essentially experimental data—is therefore exceedingly opportune.

Peiping, March 15, 1930.

Y. S. D.

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# HERR RAIFFEISEN AMONG CHINESE FARMERS

## PART ONE: AS FROM 1922

The China International Famine Relief Commission from the beginning of its existence realized that the promotion of rural improvement was an essential part of any programme of famine prevention. While on the one hand it sought to remove the physical causes of famine, on the other it attempted to go to the root of the economic conditions. A local crop failure does not cause famine in a flourishing rural community, as for example in America or modern Europe. It is only where the farmers are living on a very narrow margin in isolated communities that a physical calamity brings about actual starvation conditions. Realizing this fact a committee known as the Committee on Credit and Economic Improvement (the "C.C.E.I.") was appointed, which held its first meeting on May 5, 1922. This committee immediately provided for a study of rural economic conditions; questionnaires were hastily prepared, and during the summer sixty one students from nine different colleges made a study of 240 villages in four or five different provinces.

The committee realized that in China, as in all countries in which the small peasant farmer is the backbone of the population, the question of rural improvement is to be found in co-operative enterprise. Experience elsewhere, as for instance in India, had shown that the simplest form of co-operation was that



of credit. The Chinese farmer has plenty of labor but little capital. Without the latter he can never hope to improve his farming methods and to better his conditions. When he is compelled by sheer necessity to borrow he can do so only at exorbitant rates of interest. Consequently when once he is in debt it is fatally easy to drift more and more deeply into it. To afford credit on reasonable terms is to make possible the adoption of better methods and of a more scientific practice. The responsibilities placed on the members of a co-operative credit society are of the simplest kind. The farmers have only to divide the money secured by the society to which they belong among themselves for agreed purposes, usually of a productive character, and to exercise a certain amount of mutual supervision in the use of the money which each borrows. There is no need for any special knowledge outside of their own community, or of their own regular agricultural practice. It is for this reason that co-operative credit is the simplest and most fundamental form of co-operation, and the one from which other forms spring.

In view of these facts a draft model constitution and regulations for a village society was drawn up, and these were considered at a meeting of the committee on March 2 and 3, 1923, and in the following month the amended rules were issued for the guidance of intending societies. A small grant of \$5,000\* was secured from the C.I.F.R.C. with which to commence the work of organizing and financing village societies. On August 17 the committee met again and decided upon the rate of interest to be charged and other practical details. A small sub-committee, the Committee

\* In Chinese currency. \$1.00 is approximately 45 cents, U.S. gold.

on Rural Co-operation (the "C.R.C.") was appointed to supervise the work, and it was fortunate in securing Mr. Yu Shu-teh, a returned student from Japan and a writer and lecturer on the subject of co-operation, as its honorary adviser.

On November 18 certain rural leaders with whom the committee was in touch were summoned to Peking\* to confer with Mr. Yu in order that they might promote the interest in co-operation in their separate counties. In the beginning of 1924 three societies having been investigated by agents of the committee, were recognized, and the first loan was granted in February of that year. The three societies were the First Co-operative Credit Society of Laishui, a little to the south of Peking, the Wutsun Co-operative Society also in Chiñli\*\* province, and the Fengyun society near Nanking.

Members of the Laishui society were almost exclusively farmers. Wutsun is a weaving center in Ting Hsien and a number of the members were village weavers, while the Fengyun society was composed of market gardeners. Substantial progress was made during the year. The University of Nanking's College of Agriculture was asked to act for the committee in relation to the Nanking society and another society formed in Anhui province. By the end of the year the number of societies had grown to nine recognized, and two under investigation, with a membership for the recognized societies of 403, and of the other two of 47, and loans had been made to a total of \$3,290.

During the year regulations were worked out for the receipt of savings by the societies, and Mr. J. B.

\* now Peiping . \*\* now Hopei.

Taylor was asked to visit India on his return from furlough in England in order to bring first-hand knowledge of the working of these societies to China. Comparatively rapid expansion took place the following year. The C.I.F.R.C. increased its grant by a further \$20,000 for loan purposes, and by a grant of \$2,000 for working expenses.

On October 31, a Rural Improvement Department (the "R.I.D.") was organized for the executive work of inspection, organization, grading of societies, the issuing of loans and similar matters. The committee commenced the publication of the *Co-operation News*, a monthly paper for farmers giving information on the subject of co-operation, and the first training course for the officers of these village societies was held from November 27 to December 3.

The early societies had been formed through special contacts which had existed between the committee in Peking and some of the leading men in the villages concerned. In 1925 the societies began to multiply as an indigenous movement and interest became widespread. The first stage in the history of this movement may be considered as having been completed, and a new phase of growth entered upon.

Despite recurrent famine conditions, civil strife and banditry; despite, too, the severe limitation of funds at the disposal of the committee, the movement has progressed in recent years beyond the expectations of its well-wishers. The growth is best seen in the statistical table, in Appendix 1.

The societies vary considerably both in their membership, in the capacity of their officers, in the understanding of

Later Develop-  
ments

Conditions of  
the Societies

co-operative principles by the members, in their promptitude in re-paying their loans and in paying interest as it falls due, but a large proportion show a healthy and vigorous life. This is being nourished in many ways by the committee as will be apparent from later statements. One of the means that has been taken to encourage efficient working is that of grading the societies into classes. A system was worked out for this purpose in 1926. The intention is not simply to classify the societies, but also to stimulate the more backward ones by giving financial inducements to attain a higher grades. The results of the grading in the several years are shown as follows:

Grade	No. of Societies				Note
	1926	1927	1928	1929	
A	—	5	7	29	Societies less than a year after recognition, not visited during the year, or whose records were incomplete, were not graded.
B	2	12	30	46	
C	29	46	24	88	
CC	—	—	42	28	
CCC	—	—	22	38	
Not Graded	65	66	44	17	
Total	97	129	169	246	

Another plan pursued by the committee has been to group the societies in different counties in which they are numerous, into unions with the purpose of giving them the strength that comes from numbers and a feeling of solidarity. This policy also makes the services of the better equipped leaders available for societies other than those to which they themselves belong and greatly expands their influence. The first union of this kind was formed in Anping Hsien in 1926; an interesting fact in view of the early efforts of the Rev. Fred Hughes to start co-operation in this

county before the C.I.F.R.C. came into existence. At the present time unions have been formed in eight different localities. One of the practical ways in which these unions are being used is in arranging for local training courses and conferences.

The first training course held for officers of the societies was a six days' conference in Peking in November 1925 when 104 delegates came from 54 societies. Two similar conferences were held the following year one at Tinghsien and the other at Peking, the total attendance being 323 delegates. A course of a different type was experimented with in 1927 when a carefully selected group of about 40 men was given a ten week's course near to Tsing Hua University. It was intended for the training of some of the ablest leaders of the movement, and diplomas were issued at the close as a result of an examination, to 37 of the delegates. It is a little too early as yet to judge of the value of this new form of training, but some of these men are being used in connection with the formation of unions and inspection of the societies by the unions, as well as in settlement of difficult cases that arise in the organization of some of the societies. As already indicated, a fresh departure was again made in 1928, and instead of a centralized course local training courses were held under the auspices of the stronger societies and unions: there were 4 of these, attended by 363 persons representing 158 societies. In 1929, this same policy was followed. Nine groups met, affording training to 717 co-operators (largely officers of societies) who came from 334 societies in 29 different Hsiens.

This official organ for disseminating information and educating the co-operators was first published in June 1924. An issue goes off the press on the 10th of each month. Its circulation is now over 3,400.

The committee through the Rural Improvement Department has sought to bring to the farmers' notice news of possible agricultural improvements. It has done this in various ways: by publishing information of a practical nature concerning agriculture in the *Co-operation News*; by answering questions sent by members of the societies where necessary securing the advice of experts in doing so; introducing new agricultural implements and books on agriculture; including agricultural subjects in the curriculum of the third training course; giving prizes of approved agricultural books to contributors of the *Co-operation News*. More important than these have been two efforts of a more specific character; one is the financing of two demonstration farms, started in 1926 and 1929. One of the farms is situated in Chien Ying, near Tientsin, Hopei; the other at Lungshan, near Tsinan, Shantung. The purpose of these farms is the demonstration to farmers of methods which are distinctly contributions to Chinese agriculture.

The other has been participation in the Rural Workers' Training School conducted by Tsing Hua University, Yenching University and Hsiang Shan in co-operation. The part of the committee has been the selection of the pupils through the co-operative societies, and their support during two years of academic training. Plans were completed in the summer of 1928, and in the end

of October, 30 pupils selected from 167 applicants entered the school. In September of the following year, a second batch of 30 students was admitted. The original idea that the pupils should be accommodated under local village conditions has been strictly followed.

Loans and  
their Use      What the societies have meant to farmers by supplying them with capital at reasonable rates will be apparent from the following statement:

"The loans granted by the Commission totaling \$87,253 up to November 1928 would in period of three years procure a sum of \$94,233.24 as interest at the rate prevailing in our working districts\*, whereas at our rate, namely 6% per annum, the same amount would only procure \$15,705.54, for the same length of time. In other words, it would have cost the borrowers \$78,527.70 more if they had borrowed the money from the villagers. This difference is enough to feed some 3,000 people for a year at the country standard. Of course the actual amount of the loans is small. If it is increased a hundred fold, more than a quarter of a million mouths may be fed throughout a year on the corresponding differential interest."

The co-operative organization makes possible the rendering of assistance to the smallest farmers without the charging of exorbitant rates of interest. That this is so is shown by an analysis of the loans actually made, for out of 3,570 loans made to the members, 2,780 were less than \$20 each, and only 107 were more

\* An enquiry recently made by the Rural Improvement Department revealed the prevailing interest rate in the villages of Hopei (Chihli) to be 3% monthly, and the long term loan period to be 10 months.

than \$50 each. At one time it was estimated that one-fifth of the loans were applied to the re-payment of old debts, two-fifths to agricultural purposes, one-fifth to industry and trade, and the remaining one-fifth to other contingencies. A more detailed analysis is given in Appendix 1.

An experiment in what it is believed will one day turn out to be an important line of development was made in 1927.

This was an attempt to help the farmers of Anping Hsien in the sale of hair. Owing to the practice of adulteration and the poor quality of the materials the trade had been suffering a serious decline. An attempt was made to improve the product and to market it by disposing of directly to exporters in Tientsin. While not an immediate financial success the farmers were benefitted by being brought into touch with the ultimate market, and they have themselves acted on the experience so gained in subsequent seasons.

At the present time the committee is watching studies that are being made of the marketing of agricultural produce in the hope of learning from them ways in which the members of the co-operative societies can be assisted in the co-operative disposal and storage of their produce.

The widespread famine of 1928-9 has given the co-operative societies an opportunity to serve their local communities, to demonstrate their business capacity as organizations and to assume the responsibilities of public trust. In the administration of relief loans, the co-operatives, acting as agents of the Commission, have shown a remarkable sense of duty and under-

Co-operative  
Marketing

Participate in  
Relief  
Administration



standing of the objectives aimed at. Reports and records show that a majority of the members of the co-operatives, though themselves in just as much need of financial help as those who are not members, have chosen to forego the privileges of borrowing money for which no interest is charged in favor of their fellow villagers who are not members.

On the whole, the officers of the societies have shown themselves to be thoroughly capable in determining the individual needs of applicants and have discharged their duties in fair manner, so much so that practically no complaint has been received from those whose applications were not granted. The total sum given out on loans on this basis was \$35,942 to 38 societies within the southern Hopei famine area under the following conditions: a. Purpose: For all rehabilitation purposes, including food for the needy families till nearest harvest. b. Interest: Free. c. Term: No longer than a year from date of borrowing. d. Security: Loan agreement to be signed by two responsible guarantors and must be passed by the executive committee of the society handling the fund.

An analysis made on Dec. 6, 1929, revealed the following information bespeaking well of the highly businesslike character and dependability of the handling societies: (1) over 74% of the money was utilized by non-members of the co-ops; (2) 77% of the money has come back on due date with 23% outstanding not yet due or remittance pending; (3) loans were used for food, 62.25%; repaying debts, 11.15%; implements, 8.25%; animals, 8.15%; seeds, 4.7%; repairing houses, 2.5%; fertilizers, 1.5%; sundries 1.5%. (4) while 10% was set as maximum for overhead, the cost of administration for this project is about 3.5% over all.

**Present Needs  
and Future  
Expansion**

The large number of societies which are still unrecognized is evidence of the increased need of funds as it has largely been the lack of capital which has led the committee to delay recognition. It did not wish create a lack of confidence by recognizing large numbers of societies to which it could not possibly hope to furnish funds. Efforts are being made to find means of attracting capital for the purpose of supplying the wants of the growing numbers of societies. Apart from the multiplication of these village banks the committee is seeking sound ways of building upon them other forms of agricultural co-operation; in particular it is considering the possibilities of co-operative supply of seed and agricultural implements on the one hand, and as has already been suggested, the co-operative marketing of the farmers' produce on the other hand. There is no doubt that if suitable organizations could be created the farmer would reap substantial benefits.

There is also an opportunity for the co-operative processing of some local products, but the committee is anxious to feel its way very carefully before investing any of its limited funds in such experiments. Urgent appeals are coming from Shantung, Honan and Suiyuan for the starting of co-operative credit in these provinces, and the committee feels that very serious discouragement will result if it is not able to meet the growing demand for these various forms of co-operative enterprise. The time is ripe for a more extensive and united effort to meet the economic needs of the farmer on the lines suggested above.

## PART TWO : PROBLEMS AND THEIR SOLUTIONS

### I. THE PROBLEM OF POVERTY AND FAMINE

Those in touch with the Chinese farmers and villagers long ago realized that something was seriously wrong with the conditions of their life. These people work hard, and they are not extravagant. Yet, somehow, most of them are able to win only a bare living for themselves and their families. Poverty is the rule, and when some misfortune occurs it brings utter destitution.

Since the farmers and villagers constitute close to 90% of China's population, their condition of chronic economic depression makes impossible any real prosperity for the nation as a whole. It also seriously cripples the development of China's domestic industry and foreign trade, because the standard of living remains so low. So small an increase in buying power as \$1.00 a year per capital of the rural population, for example, would add to the buying power of the nation approximately \$400,000,000 each year.

Experience in the famine of 1902-21 focused national and international attention on this problem of wide-spread and chronic poverty in rural China. Drought brought two consecutive crop failures—and only the fortunate few in the affected area escaped being reduced to complete foodlessness. Thousands on thousands starved to death, inspite of relief from outside; and many more thousands were driven to sell their land, their house timbers, even their children.

Why? The answer was fairly obvious: they lived too close to the destitution line, even in normal years, that they had no adequate reserves on which to draw when the pinch came.

Here, then, was a problem which aroused the keen and thoughtful interest of some of those who were concerned with the study of rural conditions in China and had a share in the relief work during the 1920-21 famine. The famine was not caused by the widespread rural poverty, but the poverty very much increased the severity of the effects of the drought. This much was clear.

It was equally clear that rural betterment is an essential part of famine prevention in China because the farther the farmers and villagers get away from pinching poverty, the less likely are they to become completely destitute when occasional crop failures come.

Poverty is the swamp that breeds famines in China. By just so much as poverty can be effectively reduced, famine will cease to be an ever-present threat.

Thus improvement of rural living conditions came to be envisaged as an essential part of the famine prevention problem as it was conceived by those connected with the C.I.F.R.C.—the body which had been formed following the 1920-21 famine in order to have an effective organization permanently at work studying and helping to solve famine problems in China.

To deal particularly with this problem, the C.I.F.R.C. created a special Committee on Credit and Economic Improvement. This committee held its organization meeting on May 5, 1922—the birthday of the rural co-operative movement in China. In 1923

a Sub-committee on Rural Co-operation was formed, which in co-operation with the Rural Improvement Department of the C.I.F.R.C. has come to be the directing agency in carrying on this work.

## II. THE PROBLEM OF FACTS

Once the need for rural improvement as part of famine prevention work was realized, the next step was clear: to find how the farmers and villagers actually lived.

Specific and concrete information had to be gathered, to answer such questions as these: what and how much do these people get to live on, and from what sources? How much and for what do they spend this income? Do—and can—they sell the products of their labor to advantage, and buy economically? How many of them do not produce or earn enough to keep them above the line of chronic and severe poverty?

Data to answer these questions could not be found—data gathered by actual investigation on a sufficiently large scale to give a general picture even of one typical area, that is. Therefore the first move toward dealing with the problem of rural poverty was to arrange for careful surveys of several typical rural areas.

Such surveys were carried out in the summer of 1922, under the direction of the "C.C.E.I." Sixty-one students from nine different colleges and universities participated in gathering the data called for in the questionnaires which were prepared. 240 village communities, in four different provinces were surveyed.

Startling  
Results

Some of the results were startling. For example, 80% of the rural population in that part of Chihli (now Hopei) province which was studied live per-

manently below the poverty line. The average land holding per average family of 5.25 in this same area was 30 mu (about 5 acres). The average gross income per family per year, with produce converted into terms of money, was \$157.\*

The chronic poverty is due in no small part, too, to the fact that the Chinese farmers and villagers have very little if any working capital, the investigation showed. Labor they have in plenty, but almost no reserves in cash or goods. Hence they are compelled to sell the products of their labor just as soon as possible, and cannot hold for better prices. Hence, too, they have no choice but to buy inferior goods in small quantities—which always is uneconomical.

This hand-to-mouth existence has another result. Whenever anything happens which involves an unusual expense—a fire, a wedding or a funeral—the balance is upset. Borrowing becomes necessary; and it is fatally easy for the farmer to fall into the clutches of the money lender, and disastrously difficult for him to free himself, once he has so fallen. He pays interest rates of 25% and up for such loans, and not infrequently is unable to meet such charges so that the principal steadily increases. Only some stroke of exceptionally good luck, such as a specially fine harvest when prices are high, offers the average farmer any hope of getting out of debt once he is in. What all too often happens is that the debt grows larger and larger until finally all the borrower's land and property are consumed and he and his family become homeless wanderers.

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\* For details see "Study of Chinese Rural Economy"—C.I.F.R.C. Pub. B-10.

### III. THE PROBLEM OF A METHOD

In addition to furnishing specific data of this sort, these and other investigations showed how nearly the rural conditions in China are like these in some other countries—India, parts of Germany, Denmark, Sweden, for example.

Therefore those concerned with this work gathered information on what had been done in these countries toward solving the similar problems. All this data—from the investigations in China and from abroad—was carefully studied.

As a result, the decision was reached that the first move should be toward the creation of rural co-operative societies, using as a model the Raiffeisen plan which had been developed in Germany and applied successfully there, in India and elsewhere, with adaptations to meet conditions in China.

At a meeting on March 3, 1923, a  
**The Movement Starts** "Model Constitution for Rural Co-operative Credit, Savings and Marketing Societies" was drafted.\* This constitution laid down the rules for membership, for borrowing and for making loans to members, for the administration of the societies, for the handling of savings entrusted to the societies by their members, for mutual responsibility, etc.

In November of this year (1923), representatives from villages in six hsien (counties) in Chihli province met in Peking to discuss this new plan. Other communities also showed growing interest in forming the proposed societies.

\* See Appendix 2 for text of this model constitution.

The study and experience during 1922 and 1923 showed clearly that the most immediately useful phase of the rural co-operative societies' work would be in improving the credit facilities of the farmers and villagers. This, and the work of organizing the societies, required funds. The C.I.F.R.C. appropriated \$5,000, to make initial experiments.

Thus by the end of 1923 sufficient data had been gathered to indicate the main lines along which the development of the movement well might proceed, and a definite start along these lines had been made.

#### IV. THE PROBLEMS OF DEVELOPMENT

1924 saw the formation of the first of the rural co-operative societies. Applications came in from sixteen centers early in the year. Investigators were sent. If conditions were found to be favorable, societies were formed and duly recognized. The end of the year saw societies in operation in seven centers in Chihli province and two in the neighborhood of Nanking. These had a total membership of 403. Loans made to the societies totalled \$3,050.00.

1924 also saw revision of the model constitution along lines which further experience had shown were desirable. These were such as to encourage saving by the members of the societies, so that the societies themselves might have funds aside from loans from outside.

Perhaps the most significant development during 1924, however, was the definite beginning of requests from villages for the formation of co-operative societies. Prior to this time, the initiative in forming these

The People  
Take Hold



groups had come chiefly from those in Peking who were interested in the work. Now the villagers themselves took the initiative, and sent their representatives to headquarters in increasing numbers, to ask that tentative organizations which they had formed be made into co-operative societies of the recognized form.

The movement definitely had been taken up by the people themselves—and in spite of wars, famines and other difficulties, it has steadily grown since, with the demand for its spread coming from the rural centers.

Welcome as was this evidence that a real need was being met, the rapid increase of the requests for societies created a new set of problems.

Particular care had to be taken that the functions and responsibilities of the co-operative societies should be clearly understood. This meant the preparation of literature, visits to the centers of would-be societies, training course for co-operative workers and various other related activities. A regular publication, the *Co-operation News*, was started, and other occasional literature was issued, so as to furnish the actual and prospective society members with information not only about the societies but also about improved farming methods and all sorts of other subjects that would be of direct benefit.

It proved necessary to emphasize several points again and again: that the societies were neither charity bodies nor religious propaganda agencies; that they had nothing to do with politics; that they were not simply means of getting cheap money; that the socie-

ties themselves, and the individual members strictly responsible for repaying all loans in full, with interest; that the members were responsible to themselves and to each other for the fair and scrupulously honest distribution and handling of all funds; that loans from the societies were to be used for constructive purposes and not wastefully.

To instill these conceptions was not easy, especially at first. But the societies would fail to be of the largest usefulness in rural improvement if these standards were not maintained. It was felt, since one of the chief contributions of the societies to rural improvement should be the building up of mutual trust and mutual good faith among the members of the rural communities. Hence this emphasis was necessary. As the years have gone on, the emphasis has borne its due fruit to a marked extent.

**Raising the Standards** of societies made it not only possible but desirable to raise the standards for formal recognition. Conditions were such, too, that the process of securing recognition became a somewhat protracted and tedious one—sufficiently so to make certain that a new society did not come into being simply as the result of momentary enthusiasm. Not infrequently, a year or more elapses between the initial application and the granting of formal recognition, and by no means every application is granted. At the end of November, 1929, only 246 out of a total of 809 societies had been formally recognized. But those which had been were all soundly based and functioning satisfactorily.\*

\* For details as to the number of these societies, etc, see Appendix 1.

When several societies were in existence fairly close together, for example, steps were taken to group these into unions. The first of these unions came into existence in 1925, with 10 member societies. Since then eight more unions have been formed, all in Hopei province.

The unions have several advantages. For one thing, they give the members of the individual societies that desirable feeling of solidarity which comes from association with larger numbers. For another, they extend the scope of usefulness of the better-trained and more intelligent leaders in the individual societies by drawing these men into closer contact with other societies than their own.

These unions, too, have proved to be of marked value, more recently, in connection with the training courses for co-operative workers.

The first of these courses was a six-day conference of officers of co-operative societies, held in Peking in November, 1925. 104 delegates attended, from the 54 of the societies then in existence. The next year, two similar conferences were held—one at Ting Hsien (in southwestern Chihli), the other at Peking. 323 delegates, representing 195 societies in 24 hsien attended. These short courses were intended only to give practical lessons in the methods and technic of conducting the routine work of the co-operative societies.

In 1927 a new plan was tried—that of more intensive training of a smaller number over a longer period. Only some 40 were admitted to this course, which lasted for three months and was given at Peking, with the assistance of teachers from Tsing Hua and Yenching Universities.

The Training Institute      This longer course demonstrated the desirability of further work of the same sort, and as a result, the Rural Workers' Training School was started in 1928, near Peking, with the C.I.F.R.C., Tsing Hua University, Yenching University and the Hsiang Shan Orphanage co-operating. This school provides a three year course in practical agriculture and rural work, for boys from the country. The students come chiefly from the co-operative societies, and the number of applicants for admission far exceeds the available facilities. This school is one of the offshoots of the co-operative work.

The direct training of the co-operative society workers took on another somewhat new form in 1928. Local initiative was encouraged, with the responsibility for organizing and carrying through the courses placed on the local groups, particularly the unions. The Committee on Rural Co-operation assisted, however, by suggesting where such courses might be given, by outlining topics for discussion, by providing lectures and information where needed, and by subsidies toward the expenses. 363 co-operators, altogether, attended the sessions, which were held in four centers.

#### V. THE PROBLEMS OF FINANCES

One of the major functions of the co-operative societies, as conceived by the C.I.F.R.C. is to provide at reasonable interest rates the working capital which the study of rural conditions showed was so badly needed. The development of methods for making and handling loans to the co-operative societies, and of loans by the societies to their individual members, thus has been a vital part of the co-operative work.

In 1924 the C.I.F.R.C. allocated \$20,000, for increasing the loans to the societies, following the very small start which had been made in the previous year. In subsequent years further sums were granted, so that what properly can be called the working capital of the Committee on Rural Co-operation for loans stood at \$51,000.00 at the end of November 1929. The outstanding loans to the societies at that time totalled \$43,226.12.

As was to be expected, the calls for such loans have been many more than could be met. Therefore scrupulous care has been taken to see that such loans as were made were used to good advantage, and that interest and principal were paid promptly. The results have been most satisfactory. Repayment has been made when due, without a single failure, though extensions of the original loan period have been made in some cases upon formal written request from the societies concerned. Civil wars, banditry, famine, high cost of remittance consequent on these, etc. have been the reasons for 90% of these extensions. In no case have loans been defaulted.

The records show, too, that about four fifths of the money borrowed has been put to directly productive uses, and one-fifth to relieving the society members from the burdens of debts at exorbitant interest rates.\*

Because the need for working loan capital was so much larger than the available supply, every effort has been made to encourage the societies to build up their own funds. The total amount of such local funds

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\* For details of these loans see Appendix 1.

has steadily increased, though the ratio of local funds in use to loans from the C.I.F.R.C. has remained approximately stationary in recent years. The amount of local funds in use by societies from which recent data is available, was about \$45,000.00 at the end of November, 1929.\*

**A Banking Undertaking**      Ultimately, of course, the financing of these co-operative societies, and their loans, should be a strictly business matter, on a straight banking basis. In the past none of the banks in China have been ready to make loans direct to the farmers, partly because of the difficulties involved in handling the comparatively small individual amounts involved, and partly because the farmers themselves were not educated up to dealing with the banks. This has given the money lender his opportunity.

Now, however, a new situation has arisen, because the banks can deal with the co-operative societies. Certain of the Chinese banks are beginning to interest themselves in the possibilities in this field, and the Committee on Rural Co-operation is working actively on the problem of developing this interest and perhaps of creating a special co-operative bank.

An incidental but far from insignificant effect of the shortage of capital for loans has been the raising of the standards of the co-operative societies. Only recognized societies got loans in any case; and of these preference naturally was given to the most stable and well-administered. Hence the society members have felt a continuing and strong urge to keep their societies up to high standards, and particularly to maintain their

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\* For details of these loans see Appendix 1.

credit with the Committee on Rural Co-operation by repaying their loans promptly.

## VI. THE PROBLEMS OF OTHER ACTIVITIES

While the co-operative credit aspect of the functioning of these rural co-operative societies has been the most prominent in actual practice thus far, neither in the beginning nor since has it been assumed that their usefulness would be confined to this field.

An experiment in what it is believed will one day turn out to be an important line of development was made in 1927. This was an attempt to help the farmers of Anping Hsien in the sale of hair. Owing to the practice of adulteration and the poor quality of the materials, trade had suffered a serious decline. Efforts were made to improve the product and to dispose of it directly to exporters in Tientsin, instead of through the usual middlemen. The venture was not an immediate financial success chiefly because of disturbed conditions. But the farmers were benefitted by being brought into direct contact with the ultimate market, and in subsequent seasons they have themselves acted on the experience gained then.

At the present time the Committee on Rural Co-operation is watching studies that are being made of the marketing of agricultural produce, as well as gathering data on co-operative marketing methods in other countries, with a view to working out plans for more effective co-operative disposal and storage of their produce by the members of the co-operative societies.

Studies also are being made along the line of co-operative buying of seed farm implements, etc.

Quite outside the original plan for Help in Famine these societies, but of great value, was Relief the work which they did as agents in famine relief work during 1928-29. The famine of that year gave the societies an opportunity to serve their local communities, to demonstrate their business capacity as organizations and to assume the responsibilities of public trust. In the handling of special relief loans made with funds supplied by the C. I. F. R. C. the societies acted as agents of the Commission and showed a remarkable sense of duty and understanding of the objectives aimed at. The records show that a majority of the members of the societies, though themselves often in just as much need of financial help as those who were not members, chose to forgo the privileges of borrowing money for which no interest was charged so that their fellow villagers who were not members of the societies, and hence unable to get loans through this channel, could have this help.

That these loans were used for rehabilitation purposes for which they were intended may be seen from the following summary prepared from returns made by the societies which handled these loans.

<i>Purpose</i>	<i>Amount</i>	<i>%</i>
For food.. .. .	\$22,398.00	62.25
„ repaying debts .. .. .	4,019.00	11.15
„ implements .. .. .	2,970.00	8.25
„ animals .. .. .	2,936.00	8.15
„ seeds .. .. .	1,646.00	4.7
„ repairing houses .. .. .	901.00	2.5
„ fertilizers .. .. .	527.00	1.5
„ social expenses—marriages and funerals	192.00	.53
Purposes not reported .. .. .	353.00	.97
	<hr/>	<hr/>
	\$35,942.00	100



This sum of \$35,942 was entrusted to 38 different societies, and was, in turn, lent out by them to 2,859 farmers. Of this number, 2,366 were non-co-operators and only 493 were members of the handling co-operatives. Thus:

Loans to 2,366 non-co-operators	\$26,546.00
"    "    493 co-operators	9,043.00
Sum not reported on	353.00
	<hr/> \$35,942.00

It will be seen that (1) the average size of loans to non-co-operators was \$11.20, to co-operators \$18.30; and the general average was about \$12.50; (2) almost 83% of the loans were made to those not belonging to the co-ops, and (3) over 74% of the money available was utilized by non-members.

The loans, as in the case of ordinary loans to the co-ops, were made by the C.I.F.R.C. to the societies on contracts specifying the date of repayment. On December 6, 1929, the status of the loans was as follows:

	<i>No. of loans</i>	<i>Total Amount</i>	<i>Repaid</i>	<i>Balance</i>
Repaid in advance	18	\$16,447	\$16,447	—
"    on due date	14	15,005	11,245	\$3,760
Due	4	2,990	—	2,990
Not due	2	1,500	—	1,500
	<hr/> 38	<hr/> 35,942	<hr/> 27,692	<hr/> 8,250

From the above, it is apparent that 77% of the total sum was repaid on or in advance of due date. There was \$8,250 or 23% of the total still out-standing. An investigation disclosed the fact that a total of \$1,460 was held over in the villages at the request of the C.I.F.R.C. for meeting overhead expenses in

connection with the fifth annual co-operators' training courses then in session and for transfers to near-by villages whose loans applications were being considered. Another reason why loans were not repaid in full on due date was difficulty met with in the transfer of money through the post office or money shops—the effect of the general depression of business with the interior in a famine year.

## VII. THE PROBLEMS OF THE FUTURE

So far, the C.I.F.R.C. in developing the co-operative movement in China, has been feeling its way cautiously, in the belief that if the movement were to be permanently successful it must rest on foundations carefully laid in experience of actual work done over a sufficiently long period to give reliable data as to what the needs are and the best ways to meet them.

The experimental stage is by no means past, but the value of the co-operative societies has been amply demonstrated and the chief problems in their further development have become clear.

These societies provide the channel through which the urgent need for better credit facilities in the rural communities can be met. In addition, they build up that sense of community unity and mutual responsibility which is essential to effective rural improvement. More specifically, they make possible co-operative selling and buying, with the consequent benefit to the farmers and villagers.

In brief, they meet the same sort of need in China that they do in India and in European countries.

The problems of future development, too, are much the same. Adequate financial resources are

needed—and enough has been accomplished to show that, properly handled, investment in loans to these co-operative societies can be sound banking. Formal legal recognition and stabilization of the movement is desirable—and a draft national co-operative law is under consideration by the proper authorities. Further studies and experiments in the development of co-operative marketing and buying are needed—and these are being made.

In one important respect, these co-operative societies have a vital part to play in China which they do not have in Europe. Directly and indirectly they contribute to the prevention of famine as well as assist in relief work.

The C.I.F.R.C. first interested itself in the co-operative movement because of the possibilities which it appeared to offer as a means of improving the conditions of life in the rural communities. Investigation and experience for more than seven years have demonstrated conclusively not only that the further development of this movement is economically sound but also that the creation of these rural co-operative societies and the expansion of their operations into various fields which lie open to them is one of the most effective ways of reducing or eliminating rural poverty and hence of preventing famine in China.

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“Only let us get our men together, get them organized, and one improvement will rapidly follow another..... If we are to have any rural civilization in Ireland, it must spring out of Co-operation.”  
—George W. Russell.

"About an hour's walk from Neuwied on the Rhine is situated on a plateau bordering the Westerwald the little village of Anhausen. The district is not very fertile and the inhabitants are mostly small peasant proprietors, some with only sufficient land to graze a single ox or cow. An owner of ten acres is a rich man. Before the year 1862 the village presented a sorry aspect; rickety buildings, untidy yards, in rainy weather running with filth, never a sight of a decently piled manure heap; the inhabitants themselves ragged and immoral; drunkenness, and quarreling universal. Houses and oxen belonged with few exceptions to Jewish dealers. Agricultural implements were scanty and dilapidated; and badly-worked fields brought in poor returns. The villagers had lost confidence and hope, they were the serfs of dealers and usurers.

To-day Anhausen is clean and friendly-looking village, the buildings well kept, the farmyards clean even on work days; there are orderly manure heaps on every farm. The inhabitants are well if simply clothed, their manners are reputable. They own the cattle in their stalls. They are out of debt to dealers and usurers. Modern implements are used by nearly every farmer, the value of the farms has risen and the fields, carefully and thoroughly cultivated, yield large crops. And this change, which is something more than statistics can express, is the work of a simple Raiffeisen bank."—*C. R. Fay quoting A. Wuttig.*

".....my friend M. Kergall, being one of the foremost leaders on the agricultural co-operation (in France), ventured upon this bold prediction: 'The twentieth century will prove the Century of Co-operation.' That prophecy, so it may now be claimed, has come turn."—*Henry W. Wolff.*



## STATISTICAL DATA

## OPERATIVE MOVEMENT SINCE 1923

1925	1926	1927	1928	1929
24	43	56	58	61
44	97	129	169	246
56	220	432	435	572
100	317	561	604	818
1,270	3,288	4,354	5,624	7,862
1,062	4,744	8,836	9,677	14,072
2,332	8,032	13,190	15,301	21,934
1,367	3,048	4,105	6,341	9,160
733	3,634	7,849	10,032	13,164
2,100	6,682	11,954	16,373	22,324
2,281.00	5,825.00	7,984.96	10,322.80	14,703.75
1,242.00	5,878.00	12,713.00	13,608.00	20,984.50
3,523.00	11,703.00	20,697.96	23,930.80	35,688.25
\$121.46	266.08	723.58	1,378.18	3,464.74
\$169.86	1,195.11	2,550.28	4,465.05	2,519.49
\$42.50	156.10	342.79	559.47	898.29
10,450.00	32,440.00	60,795.00	89,374.00	122,414.00
14,306.82	45,760.29	85,109.61	119,707.50	164,984.77

## 2. AMOUNT OF LOANS THE C. I. F. R. C.

Reported upon by the borrowing societies with respect

Year	Loans made			Loans reported on			Amount of local receipts included in the amount reported on
	Societies	No. of Loans	Amount	Societies	No. of Loans	Amount	
1	2	3	4	5	6	7	8
1924	8	8	3,290.00	8	8	4,265.00	975.00
1925	13	15	7,160.00	6	6	3,584.00	191.00
1926	35	38	21,990.00	30	33	19,219.10	1,537.20
1927	54	56	28,355.00	42	42	24,072.60	1,593.60
1928	61	63	28,579.00	56	58	29,060.70	2,671.00
1929	72	75	33,040.00	62	63	29,076.00	210.00

## 3. AMOUNT OF LOANS APPLIED TO EACH CLASS OF PURPOSES

(See column 7 of

Class	A		B		C	
Year	For seed grain, food, fodder, & cultivating expenses		For buying carts, animals, implements, & repairing houses		For dikes, irrigation &, drainage	
	Amount	%	Amount	%	Amount	%
1924	1,260.00	29.54	579.00	13.57	115.00	2.70
1925	1,875.00	52.34	470.00	13.11	3.00	.08
1926	5,223.90	27.18	6,135.70	31.93	242.00	1.26
1927	8,506.30	35.33	7,651.50	31.73	449.00	1.87
1928	10,308.60	35.47	9,359.40	22.24	25.00	.00
1929	8,449.00	20.00	8,814.00	30.31	190.00	0.60

N.B.—The figures in the above tables are those of December 31

## EXTENDED TO THE CO-OPERATIVE SOCIETIES

to the purposes to which their proceeds were applied

Loans reported on		Loans not reported on		Ratio between loans from C.I.F.R.C. to local receipts (col. 8:9)
Net amount	%	Amount	%	
9	10	11	12	13
3,290.00	100.00	—	—	1: 3.37
3,303.00	47.30	3,767.00	52.61	1:17.70
17,081.19	80.40	4,308.10	19.60	1:11.50
22,470.00	79.30	5,876.00	20.70	1:14.10
26,389.70	92.34	2,189.30	7.66	1: 9.88
26,866.00	81.31	6,174.00	18.69	1:12.16

## CALCULATED ON THE BASES OF AMOUNTS REPORTED ON

the above table)

D		E		Other purposes		Total (Amount reported on col. 7 above)
For social expenses e.g. marriages, funerals etc.		For repaying debts		Including village trade, & industry, e.g. weaving		
Amount	%	Amount	%	Amount	%	
345.00	8.09	980.00	22.99	986.00	23.12	4,265.00
26.00	.72	680.00	18.96	530.00	14.79	3,584.00
1,076.40	5.60	4,308.20	22.41	2,229.00	11.59	19,219.10
336.00	1.39	4,717.80	19.66	2,412.00	10.02	24,072.60
517.00	1.78	7,177.00	24.72	1,673.70	5.70	29,066.70
446.00	1.53	6,812.00	23.43	4,365.00	15.02	29,076.00

of each year.



## APPENDIX 2.—MODEL CONSTITUTION\*

### FOR RURAL CO-OPERATIVE CREDIT, SAVINGS AND *Marketing*\*\* SOCIETIES

#### ARTICLE I. NAME.

1. The X. Y. Rural Co-operative Credit and Savings (*and Marketing*) Society.

#### ARTICLE II. REGISTRATION

2. The Society is registered (give conditions and time of registration).

#### ARTICLE III. OBJECTS

3. The objects of the Society are:

(a) To borrow funds on the joint and several responsibility of all the members to be used as loans to members for declared purposes.

(b) To encourage thrift, self-help and co-operation generally among members.

(c) *To receive farm products for marketing, in order to increase the farmers' income through standardization of products and the securing of full advantage of prices and honest dealing.*

(d) *To receive farm products for storage against years of*

*scarcity and to provide security for individual and/or collective credit.*

#### ARTICLE IV. MEMBERSHIP

4. The original membership shall consist of at least twelve who sign the constitution and unite to form the Society.

5. The members shall at least twenty years of age and of good standing in the community.

6. New members may be admitted on the recommendation of two members of the society by vote of the society (a three fourths majority being required in favour) and shall become members on signing the constitution. Names presented for membership must be communicated to the members at least ten days before the meeting at which they are voted on.

7. Each member shall pay into the funds of the Society \$..... as a membership share. He is however allowed to subscribe to more than one share either at the time of his joining

\*Adopted Apr. 4, 1923; and amended Aug. 20, 1923; May 21, 1924; May 5, 1927; Apr. 30, 1928; Mar. 13, 1929.

\*\**Italicized* parts are to be used if co-operative marketing is contemplated.

the Society or at any time after he becomes a member. No interest shall be paid on membership shares.

If necessary, the amount required to pay for this Membership Share may be advanced to the member as an ordinary loan with interest. Such a loan, however, must be repaid with interest within three months, from the day of making the loan. Membership automatically ceases, if the loan contracted for the payment of membership shares is not fully repaid within that limit. Toward the repayment of this loan, the Society has the right to utilize the member's deposits with the Society or to deduct from the proceeds of any loan sought by the member from the Society. *The Membership Share may be paid in farm product.*

8. Membership may cease by withdrawal, by expulsion, or by death.

9. The Society may on the recommendation of the Executive Committee and by a two-thirds vote of the Society remove the name of any member who loses its confidence.

10. No member shall withdraw from the Society within two years after admission. A member may withdraw after two years provided he is not liable in any sum as borrower or surety to the Society.

11. On cessation of membership the Membership Share shall not be refunded to the late member, his heir, or guardian as the case may be. But the share of a deceased member may be transferred to his heir, if the Society agrees to admit the heir as a member.

12. The liability of a person, who has ceased to be a member, for the debts of the society as they existed at the time when he ceased to be a member, shall continue for a period of two years from that date.

13. The estate of a deceased member shall be liable for a period of one year from the time of his decease for the debts of the Society as they existed at the time of his decease.

#### ARTICLE V. CAPITAL

14. The capital of the Society shall consist of

(a) Membership Shares.

(b) Fixed deposits of money or farm products by members.

(c) Fixed deposits of money or farm products by non-members.

(d) Loans from a central or other affiliated co-operating agency.

(e) The Reserve Fund.

(f) *Farm products stored in the ware-house for future marketing.*

15. The amount which the society may borrow from non-

members or a central co-operating agency of other registered Society shall be regulated.

#### ARTICLE VI. LOANS

16. All applications for loans shall be dealt with by the Executive Committee.

17. Loans shall be made only to members and no member shall be eligible for a new loan till all other members shall have received or declined loans.

18. A Register shall be maintained, showing yearly the maximum amount which the Society considers could be safely and advantageously loaned to each member. The maximum limit of credit for each member, shall be determined by the joint meeting of the Executive Committee and the Council of Inspection. That for members of one body, shall be determined by members of the other body. The meetings for determining Maximum Credit shall be held in secret sessions. The Maximum Credit Register shall be deposited with the Chairman of the Executive Committee. Other details as to the manner in which the said joint meeting(s) shall be conducted, are explained in a separate set of regulations.

19. Loans to members shall be of five classes:

(a) Loan for seed, food, cultivation expenses or cattle fodder. Such loans must be

paid in full at harvest of the crop or marketing of cattle on account of the production of which they were issued.

(b) Loans for purchase of carts or cattle, for the liquidation of small debts, for house building, purchase of implements and equipment. Such loans must be repaid in two, or at most three equal annual instalments as arranged after full consideration of the circumstances by the Executive Committee.

(c) Loans for purposes which will continue to be productive for several years, such as for the liquidation of considerable debts to non-members for the making of canals, dikes, irrigation and drainage projects. Such loans must be repaid in three, or at most four equal annual instalments, as arranged after full consideration of all the circumstance by the Executive Committee.

(d) Loans for necessary social obligations. Such loans shall be repaid in two or at most three equal annual instalments as arranged after full consideration of the circumstance by the Executive Committee.

(e) Loans for village home industries such as hand spinning, braiding and brewing.

Such loans must be repaid in six months or one year when they are applied to current expenses and must be repaid in one to three annual instalments when they are used as capital.

20. The purpose for which a loan is required shall be definitely stated in the application to the Committee. The Committee shall see that the loan is properly used for the purpose for which it was made. If it is misapplied, the Committee shall have power to require repayment in full within one month with interest, and in addition impose a fine of ten percent of the amount of the debt.

21. Loans may be granted on the following security:

(a) on the personal security of the borrowing member and two other members as sureties.

(b) on execution of a mortgage on immovable property.

(c) on execution of a mortgage on movable property, such as wagons, irrigation pumps, carts, cattle, boats, or valuables.

(d) on crops, growing but not yet harvested.

(e) Mortgages held by members on the property of other persons.

(f) *Farm products deposited in the Society's ware-house.*

22. It shall be entirely within the power of the Committee to refuse a loan, to limit the amount and to object to particular members as sureties.

23. The Committee shall have power, for special reasons to be recorded in the minutes, to grant an extension of one year beyond the term fixed for the repayment of a loan. Such power shall only be used in very exceptional cases.

24. If a person ceases to be a member, by death, withdrawal or expulsion, his loan account shall be closed at once without reference to the term for which the loan was given; the loan shall fall due at once and be recovered without delay. And his responsibility as surety for other member's loan shall also be immediately and definitely arranged to be taken up by other member or members of the Society. Pending such arrangement, his estate continues to serve as surety in his stead.

#### ARTICLE VII. INTEREST

25. The Society will use its collective credit to secure funds at the lowest rate of interest possible. Where the customary local rate is high an endeavor must be made to reduce this as far as the Society is concerned to the best rate prevalent in rural China.

26. The Society shall endeavor to maintain a steady rate of

interest even in adverse years, appealing to its organizing agents to assist it in this direction when circumstances warrant.

27. The Society shall not allow the rate of interest charged to members to rise above the most favorable rates prevailing in its district in normal years and shall aim to make the rate of interest as much lower as it possible, allowing just sufficient margin above the average rates given by it for outside loans to pay all expenses and create a reserve fund to pay off borrowed capital.

#### ARTICLE VIII. PROFITS AND RESERVE FUNDS

28. Since the Society charges a higher rate of interest for the money it lends than it pays for the money it borrows, it earns profits.

Three-fourths of the profits of the society shall be used for operating expenses and development of co-operative projects in the community.

One fourth of the profits shall be set aside for the Reserve Fund.

29. The purpose of the reserve fund are

(a) to meet any bad debts or special liability of the Society.

(b) as an asset of security for loans raised from outsiders.

30. The Reserve Fund shall be put on fixed deposit with the most convenient banking agency, preferably the Post Office.

31. The Reserve Fund shall be drawn upon to meet any bad debt or special liability, but only by vote of the Executive Committee and with the approval of the organizing agency.

32. In case of dissolution of the Society the entire net assets including profits and Reserve Funds, after having liquidated all debts of the Society, shall be held by the organizing agency in trust for a new society in the same district, and if one is not formed within a year, the money shall be spent by the same agency on some public work in the community.

#### ARTICLE IX. MANAGEMENT

33. The ultimate authority in all matters relating to the administration of the Society shall be the general meeting of all the members of the Society which shall meet from time to time as necessary, but at least twice a year. Among other matters the general meeting shall deal with

(a) Election of Executive Committee and Council of Inspection.

(b) The enactment, amendment or repeal of by-laws.

(c) The election and expulsion of members.

(d) Complaints of individual members against the Executive Committee or Council of Inspection.

(e) The yearly audit report.

(f) The balance sheet.

34. Special meetings may be summoned at the instance of the Executive Committee or of the Council of Inspection or by 50% of the members. Five days notice shall be given and a statement of the reasons for calling the meeting.

35. All Members should attend. Each member shall have one vote. At least half the members shall be necessary to form a quorum for the General Meeting. For the election of new members a three-fourths majority is required. For the expulsion of members a two thirds majority is required. For all other questions the opinion of the majority shall prevail. In case of an equality of votes, the Chairman shall have the deciding vote. No addition or modification of this constitution shall take effect until it has the sanction by the organizing agency.

36. The members at the inaugural meeting shall elect an Executive Committee of five members. Two shall be elected for a term of one year; one, for two years; one, for three years; and one for four years. Thereafter members of

the Executive Committee shall be chosen for four years, unless they are elected to fill out the unexpired term of some former member. The Society shall designate one of the members of the Executive Committee as Chairman. He shall also act as the executive head of the Society. Another member of the Executive Committee shall be designated as Treasurer. He shall hold all funds and shall issue loans only on the written authority of the Chairman and with the consent of a majority of the Executive Committee.

In addition to the other duties which are assigned to them by this Constitution and by the Society, the Executive Committee shall have direct charge of the applications from the members for loans, of the settlement of the terms, periods, and methods of repayment, and of the negotiations with the central agency and others for funds.

#### 37. Council of Inspection

The members of the Society shall also elect from their member a Council of Inspection. This Council shall consist of three persons, if the members of the Society number less than twenty, or of six persons, if the members of the Society number more than twenty. At first, one-third shall be elected for one year, one-third for two years, and one-third for three years. Thereafter mem-

bers of the Council shall be elected for terms of three years unless they are elected to fill an unexpired term.

The duties of the Council shall be:

(a) to make quarterly audit of the books.

(b) to see that the loans are being applied to the purposes specified and that all conditions are being observed.

(c) to see that security for loans remains good, to be informed of the actions of the Executive Committee and officers, and, if necessary, to suspend members of the Executive Committee pending a general meeting of the Society which shall be convened within a month.

38. The following books shall be kept.

(a) List of Members

(b) Cash Books

(c) Minute Book

(d) Register of Loans

(e) Register of Deposits

(f) Register of Maximum Credit of each member.

39. All receipts and documents must be signed by the Treasurer and countersigned by the Chairman, and, so signed, shall bind the society.

40. Officers and members of Committee shall not be paid for their time and services, but

their necessary expenses when approved by the Executive Committee will be paid from the funds of the Society.

#### ARTICLE X. LIABILITY

41. The liability is unlimited, and each member shall, equally with every other member, be jointly and severally liable for all debts contracted by the Society.

#### ARTICLE XI. SAVINGS

42. The purposes of savings are

(a) to encourage thrift,

(b) to build up a capital fund through profits and savings.

43. The Society shall, if possible, make such arrangements as are necessary to receive savings in cash (or in farm products) and to deposit the unused fund to some other savings agent.

44. Deposits shall be received from both members and non-members, but the privilege of borrowing from the society is limited to members only.

45. Savings regulations shall be provided in the by-laws.

46. (Deleted).

#### ARTICLE XII. WARE-HOUSE

47. *The Society shall provide itself with a suitable ware-house for the storage of farm products. Care must be taken to guarantee the safe keeping of the stored products.*





provided on the reverse side of the form of application for recognition. The Committee examines the case, listens to any supplementary report which the agent may have to make, and decides whether formal recognition should be granted. If the Committee feels that formal recognition should be deferred, the reasons for this view are reported to the applying society.

All this takes time, and the long period of "incubation" tends to eliminate the unworthy. If the members of the proposed society should lack the moral strength to improve and to strive for a good society, or if they are anxious to form a society only so that they can get loans at low interest, they become discouraged, and many of the weak-willed persons drop out. If too many do this, no society can be formed. On the

other hand, if the society passes through this tedious period successfully, the probabilities are that it is made up of good material—of persons with foresight, patience and willingness to learn and improve.

Once recognition is granted by the C. R. C., a certificate is issued. At the same time, the hsien magistrate in whose territory the society is located is notified, and its registration in the hsien yamen is requested. Two seals are issued to each society which receives a certificate of recognition. One is for use on all papers of a purely business nature, and is placed in the custody of the chairman of the society's executive committee. The other is kept by the chairman of the council of inspection, and must be used on all documents involving the society's finances.

"People go less to taverns now, and work more and better. Since only respectable folk are admitted as members of the Association, we have seen habitual drunkards promise never to set foot again in a tavern—and keep their word. We have seen illiterate folk, of fifty years and more, learn to write, in order that they may be able to sign their application for a loan. Poor people, excluded as being in receipt of parish relief, have vigorously exerted themselves to have their names erased from the paupers' list, and instead of living on alms, we now see them living on their labour—thanks to the small capital lent to them by the Association. Poor fellows, who could previously scarcely support themselves, have been enabled to purchase a cow, out of the milk and cheese of which they pay the debt contracted, keeping the value of the calf as net gain.—*Don Rover, the paroco of Loreggia, Italy.*

& Economic Improvement, and the Relief Committee have had meetings and followed the lines prescribed for them by the Commission.

1924

..The next most important item is the introduction of rural co-operative credit societies in China which has been undertaken by the Committee on Credit and Economic Improvement. If successful, this experiment will prove of great assist-

1925

..For all these reasons the farming population, which comprises the bulk of the people of China, is rendered helpless when some calamity destroys their crops. The work which the Committee on Credit and Economic Improvement has done this past year in demonstrating a cure for this situation may therefore be regarded as one of the important achievements of the

Commission. This committee, as early as 1922, decided to attempt the introduction of co-operative credits and after careful study adapted the Raiffeisen principles to the needs of China. Briefly the fundamental purpose of this idea is to create from the banded integrity of the best elements of a rural community a dependable and recognized security which will attract outside capital at reasonable rates of interest. The scheme itself is simple. A credit society is formed by the association together of a number of individuals for the purpose of borrowing funds on the security of the group, for reloaning to the members. Each one accepts unlimited liability for any defaulting on the part of any other member. This clause automatically eliminates the unreliable or unworthy elements of the community. It will be seen that whereas the banks cannot afford to do business with individual farmers they can deal profitably with a group of forty or fifty.

Proceeding at first with great deliberation and caution, the Committee on Credit & Economic Improvement has passed the first experimental stage. It now has 44 recognized rural credit societies to which a total of nearly \$20,000 has been loaned. Thus far not a single loan

from the Commission has been defaulted and although there are nearly 1,500 members of the societies most of whom have obtained financial aid, no reports of irregularity or of failure to make settlement have been received. The members of the societies are able to borrow funds only for specific purposes. There is not only an Executive Committee, elected by and from the membership, which grants loans; but also a Council of Inspection whose duty it is to see that the sums are used for the avowed purposes specified by the borrowing member. The success which has thus far been achieved is attracting the attention of the banks and it is only a matter of time when the thoroughly sound economic laws on which this device rests will assert themselves, and the scheme will spread with great rapidity as similar efforts have in India, Japan, and many countries in the West.

It will be seen that when co-operative credit societies are organized in all the provinces and are banded together by a properly financed central bank the various units will be the means of bringing sufficient outside capital into a famine threatened district to prevent much of the distress which would otherwise occur. Those provinces which have good

### 1926

..The year also witnessed marked progress made in the co-operative credit societies. The number of existing societies has grown from 152 in 1925 to 340 in 1926. Of the 340 societies formed, 67 have been formally recognized by the Committee on Rural Co-operation. In respect to capital raised by these societies, the ratio between capital raised locally to funds advanced by the Commission is 18.6%, the figures being \$5,868 and \$31,415 respectively as at the end of February, 1927.

The success and beneficial effect of the training course given in 1925 warranted its repetition in 1926. So a second course was given in 1926, along

after making a thorough inquiry into the work of the Commission, recommended that of the 1,350,000 available yearly, at least 5%, or about \$175,000, Chinese currency, should be set aside and put at the disposal of the Commission for relief work and the establishment of a central bank for the rural co-operative credit societies..

### 1927

..The co-operative movement initiated by the Commission has had a continued growth in 1927. The extension of co-operative principle in other lines than credit was given the first tangible attempt during the year. It was in the direction of co-operative selling. The

produce first taken up has been hair and bristles. An experimental transaction was conducted, wherein hair and bristles were collected by two co-operative societies in Anping, Chihli, and taken in bulk to Tientsin where the Commission's agents facilitated the sale, direct to an exporting firm. Unfortunately the transaction did not yield profit to the farmers: in fact, a slight loss was incurred due to the delay caused by the low water in the river and unfavorable market at the time the shipment arrived.

The experiment was, however, considered successful by the farmers as well as the Committee on Rural Co-operation, for the experiences gained have well repaid the trouble and the slight monetary loss. Both the farmers and the exporters were shown how products from the country can be bought and sold without having to go through the expensive system of brokers and middlemen. Had the conditions been favorable in other respects co-operative marketing would have well developed during the year. This will be one way in which the co-operative movement may extend in years to follow.

Anticipating the immediate importance of co-operative marketing, the Committee on Rural Co-operation has asked Mr. J.

B. Tayler and Mr. H. C. Etter to make special studies of methods for its application as practised in Denmark. These two Yenching professors, while on their way to and from China, met for a three week study in that country, the "commonwealth of co-operation". Their reports when submitted will without doubt give the Commission wise guidance in this important undertaking.

Within the scope of co-operative credit, the movement has grown as may be seen from the following tables (see Appendix I), in spite of the hardship and suffering which were the fate of the people during the year. Had conditions been less trying, it can be safely said, the movement would have grown far more than these figures indicate.

The influence of the civil war on the movement has, on the whole, been slight, although disturbances in the country have made frequent visits of Commission's agents inconvenient and remittance of money to and from Peking practically impossible. In the latter respect, many societies were compelled to apply for extension of loans when they are collected and there was no way to send the money.

China's first co-operative law being made—according to the Government Gazette for Nov.

As in past years, a training course was given for the co-operators. This third annual session differed from its two predecessors in that it was meant not only to train workers for the individual societies but also to cultivate leadership for the movement as a whole. Instead of one week in duration as in the past, the training school for 1927 lasted almost three months. While the two former courses were attended by a large number of co-operators, the third course was attended by only 40 men. What lacked in quantity has been made up in quality. Those who came were specially qualified men, each of whom had had no less than one year's actual experience in "co-op" activities in

The Union Committee contributed \$6,000.00 toward the capital fund of the Commission for co-operative work. That which prompted the Committee at Tientsin to take this action, has been the encouraging results obtaining from the experiential societies formed and financed by the Commission in that province.....

1928

The co-operative work of the Commission thrived despite hardship in 1928. During the spring and early summer, the then-functioning Peking government seemed to harbor some measure of suspicion of the movement as attempting to propagate the Nationalist cause.

in the north. At a certain order issued by one of the ministries, many of the co-operatives felt some uneasiness, as secret agents were then diligently looked for and some of the officers of the societies were threatened with arrest. Quite a number of co-operatives decided to disband and many remained in a dormant state for many months.

As soon as the Nationalist movement reached this part of the country this disadvantage was at once removed. However due to the pressing need of funds for direct relief work in the provinces, preference had to be given to allocations for saving lives. No fresh grant was therefore made during the year for nourishing the co-operative work. It is hoped that the present famine needs may soon pass and this phase of the Commission's varied program of useful service will not be long neglected. In spite of the handicap from which the work suffered during the year, progress can be reported, as may be seen from the report of the Rural Improvement Department. The following figures show the growth of the movement during 1928: (see Appendix 1.)

As a means of inducing local initiative, some of the rural leaders, who have a fair conception of the co-operative system both in principle and method,

have been enlisted as honorary correspondents and assistants in field work, twenty-eight having been certified as qualified to serve. Three others are serving as assistant inspectors, accompanying the "regulars" on their tours of inspection.

Training given to co-operators by the C. I. F. R. C. for the past three years was continued. But in 1928 local initiative was encouraged, the task of organization being largely left to groups of the co-ops. The Commission, however, extended much assistance in designating localities where groups might be formed, giving suggestions as to topics, providing lecturers where competent local talent cannot be found and subsidizing the expenses. Five such groups are now making preparations and, as a result, upward of one thousand co-operators will receive their training this winter.

#### ENABLES FARMERS TO SEND BOYS TO COLLEGE

In connection with the Commission's agricultural work, we should report the important part played by it in the realization of the Agricultural Institute near Haitien. This is a school in which the agricultural departments of Tsing Hua and Yenching Universities and the Hsiang Shan Children's Home co-operate in furnishing a prac-

trainings their mode of living will still be in harmony with that of their elders.

#### CO-OPERATION IN RELIEF ADMINISTRATION

The widespread famine has given the co-operatives an opportunity to serve their local communities, to demonstrate their business capacity as organizations and to assume the responsibilities of public trust. In the administration of relief loans, one of the two projects suggested by the Committee on Rural Co-operation, the co-operatives, acting as agents of the Commission, have shown a remarkable sense of duty and understanding of the objectives aimed at. Reports and records show that a majority of the members of the co-operatives, though themselves in just as much need of financial help as those who are not members, have chosen to forego the privileges of borrowing money for which no interest is charged in favor of their fellow villagers who are not members.

On the whole, the officers of the societies have shown themselves to be thoroughly capable in determining the individual needs of applicants and have discharged their duties in a fair manner, so much so that practically no complaint has been received from those whose ap-

or clerical position.

The knowledge of the disastrous state of affairs led some of the teachers to think that perhaps with the assistance of the rural department of the Commission, radical reforms might be initiated in the teaching of modern agricultural science in China. Thus a start in that direction was made when the Executive Committee consented to participate in getting the students from the country through the co-operatives and meeting a part of the expenses involved. Plans rapidly assumed shape during the summer and on October 29 thirty young men selected from 167 applicants, entered the new school outside of Haitien in the west suburb of Peking. It is an important part of the original design that the students while in attendance will be accommodated under rural conditions so that upon graduation while having acquired a college



plications were not granted. Up to December 31, \$27,281 has been entrusted to 26 societies within the southern Hopei famine area under the following conditions:

a. Purpose: For all rehabilitation purposes, including food for the needy families till nearest harvest. b. Interest: Free. c. Term: No longer than a year from date of borrowing. d. Security: Loan agreement to be signed by two responsible guarantors and must be passed by the executive committee of the society handling the fund.

1929

#### CO-OPERATIVE WORK ENJOYED VIGOROUS GROWTH

Since the Commission initiated the rural co-operative movement, we were able to report progress from year to year. In 1929, however, the development of the movement has been very note-worthy. Figures made available on Feb. 28, 1930, showed that the total number of recognized societies is 246, a 46% increase over the previous year. Total number of members has increased 37%, being 7,932 and total amount of loans extended to the recognized societies reached the figure of \$129,728, a 34% jump as compared with 1928. The following tables indicate the growth of the movement during the last four years:

Societies formed, their membership and local capital\*

	No. of Societies				Membership				Capital			
	1927	1928	1929	1930	1927	1928	1929	1930	1927	1928	1929	1930
Recognized	97	129	169	246	3,305	4,395	5,782	7,932	\$7,282.39	\$12,355.81	\$17,621.04	\$22,344.24
Not Recognized	237	440	47	587	5,619	9,097	10,549	14,424	8,359.00	13,255.00	14,966.00	21,681.50
Total	334	569	639	833	8,924	13,492	16,331	22,356	\$15,641.39	\$25,610.81	\$32,587.04	\$44,025.74

\* As at the end of February of each year.

Loans extended to the recognized societies by the Commission\*

	No. of Loans					Amount			
	1927	1928	1929	1930	1927	1928	1929	1930	
Outstanding	48	32	52	63	\$28,535.00	\$14,075.00	\$22,483.00	\$28,768.00	
Due	—	3	12	16	—	1,300.00	2,911.92**	5,207.13**	
Renewed	17	35	26	19	8,134.67	13,874.67	12,161.00	8,446.81	
Repaid when due	22	66	107	171	11,475.33	40,432.33	58,975.08	87,306.03	
Total	87	136	197	269	\$48,145.00	\$69,682.00	\$96,561.00	\$129,728.00	

\* As at the end of February of each year.

\*\* Included in the amounts due shown above, are sums of money that are being transferred from one society to another, or formalities for extension being fulfilled, etc. Amount of such monies for 1929 is \$521.68 involved in 4 loans; for 1930, \$2,889.89 in 9 loans.

## 2. ANNUAL REPORTS OF THE COMMITTEE ON CREDIT AND ECONOMIC IMPROVEMENT 1922

The function of the Committee on Credit and Economic Improvement is, subject to general approval of the Executive Committee, to determine what the international committees should do to investigate and to ameliorate the economic conditions under which so many of the people in the country live and which are a very important contributing factor to the suffering due to famine; and to initiate ameliorative measures.

This work will naturally consist of the investigation of the economic conditions of the people together with the promotion and carrying through, as far as possible, of means to improve their economic status, to broaden their means of livelihood beyond entire dependence on agriculture, and to provide systems of credit for farmers which will enable them to secure loans at reasonable rates of interest.

This standing sub-committee of the Commission met for the first time on May 5, 1921. Inasmuch as definite recommendations from this committee would be well nigh impossible in the absence of first-hand information on the economic status of the farming population, the committee voted to conduct a thorough investigation into the eco-

conomic life of the typical villages as the first form of its activity.

Questionnaires were rapidly prepared and critically studied by members and friends of the committee. Students from the economic departments of the colleges and universities, both government and missionary, were enlisted and sent out with these questionnaire blanks and specific instructions from the committee to obtain as accurate data as possible during the summer among the villages selected by the committee.

A total of 61 students from 9 different schools were in the field during the summer. They reported on 240 villages. These returns are being tabulated and the tabulated results will then be placed in the hands of members for further examination. Such conclusion as may present themselves will then be deduced and recommendations made accordingly.

The Executive Committee has voted a grant of \$5,000 with which to introduce a rural co-operative credit system into China. This committee is yet to formulate plans for the establishment of this "bank". It is the intention of the committee to study the original method devised in Germany and recently placed in successful operation in India and to adapt it to the economic conditions prevalent

among the Chinese villages. It is planned to approach the charity public to finance as many of these credit societies as possible in the provinces.

Personnel of the committee is as follows: chairman, J. B. Tayler; secretary, Y. S. Djang, members: J. S. Burgess, J. L. Buck, J. B. Griffing, R. S. Hendrey, Victor Hanson, P. C. King, D.H. Kulp, J.S. Lee, P. C. Leslie, Y. C. Ma, C. B. Malone, E. L. Mattox, Mou Yuan-fu, A. G. Parker, C. F. Remer, G. W. Sarvis, Tong Yuheng, L. K. Tao, Y. T. Tsur, C. E. Wang, John Wang, T. K. Yu, D. W. Edwards.—Y. S. Djang, *Secretary*.

1923

This sub-committee had two meetings during the fiscal year. Its first meeting, held on March 2nd. and 3rd., was mainly devoted to the drafting of the "Model Constitution for Rural Co-operative Credit, Savings and Marketing Societies". Members who attended this meeting having already acquainted themselves with the original German co-operation system of the Raiffeisen-type, this important task was completed in four sittings of the meeting.

The latter part of this meeting was occupied in the discussion of sub-dividing the work into six different small committees, viz colonization, co-opera-

tive societies, agriculture, forestry, home and village industry and rural social problems. The members then present were of the opinion, however, that unless the central Commission is able to provide field secretaries, these committees could not be very effective. The plan was that the chairmen and the secretaries of these six committees should form a general committee on rural improvement.

The second meeting of the committee during the year was held on Aug. 17, 1923. Since no definite steps had been taken to appoint the committees which were to divide the work of this committee, it was decided to continue its activities as before, pending the formation of the six more specialized bodies. The principle item of business before this meeting was further consideration of the subject of rural co-operation. During the interval between this and the last meetings, members had given further thought to this subject, and the results of their investigation constituted the basis for discussion at this meeting. The question of interest to be charged by the Commission on loans to the societies, for instance, was determined. Details for the operation of societies were gone into. A standing committee on rural co-operation, composed of Mr. Y. H. Tang, Mr. J. B.

Taylor and Mr. Y. S. Djang, was appointed to be responsible for the starting and administration of the rural societies.

The sub-committee on rural co-operation reported that they were very fortunate to secure the voluntary services of Mr. Yu Shu-teh who accepted the appointment as the Adviser on Rural Co-operation.

Accounting books, accounting regulations and the various business forms for the societies were designed and adopted. With the further assistance of a recent grant made by the Executive Committee of the Commission to meet organizing expenses, the program for introducing co-operation into rural China after a year's painstaking preparation, was actually begun in a practical way on Nov. 18, 1923, when one leading member of each hsien was invited to come to Peking and receive the first instructions in the new system and to bring the message to the villages. So far six hsien in Chihli and the Metropolitan Area have their representatives, who are in constant touch with the committee through the Adviser on Rural Co-operation.

Reports have already come in, indicating that, in many communities, the people are eager to organize societies under the "Model Constitution". These reports have yet to be gone over

carefully and the Adviser has yet to visit these villages which applied for assistance, before we can recognize them.

South of the Yellow River, according to the opinion of the committee, was given to the charge of the University of Nanking. So that institution has been invited to represent the committee first in Kiangsu and Anhwei where experimental societies will be formed. The committee most sincerely appreciates the co-operation of Mr. Paul C. Hsu of that institution in this matter.

Another phase of the committee's activities was the study of the results from the investigation into village life, undertaken by college students during the summer of 1923. This study has continued throughout the year. Most of the results obtained have been tabulated and a report, giving the conclusions derived from this investigation begun soon after the formation of this committee, is in the process of preparation.—  
*Y. S. Djang, Secretary.*

#### 1924

The year under review witnessed much activity in the committee's Sub-Committee on Rural Co-operation.

The committee itself had but one meeting during the year. On May 21st, the 7th meeting of the committee was held in

Peking. The agenda included the hearing of a report from the Adviser on Rural Co-operation; election of members and officers of the committee, and adoption of the following program:

1. Fostering the co-operative movement as far as possible.
2. Introducing savings in the credit societies already organized.
3. Introducing educational features in the societies.
4. Suggesting to agricultural bodies to furnish material on marketing and other co-operative projects.

The committee is now composed of the following members: Messrs. J. S. Burgess, J. L. Buck, J. B. Griffing, R. S. Hendry, Y. C. Ma, C. B. Malone, Mou Yuan-fu, A. G. Parker, C. F. Remer, G. W. Sarvis, Y. H. Tong, L. K. Tao, Y. T. Tsur, C. Z. Waung, John Wang, T. K. Yu, D. W. Edwards, Ta Chen, Paul C. Hsu, W. H. Mallory, J. B. Tayler, and Y. S. Djang.

The chairman, Mr. Tayler, and the secretary were re-elected to continue to serve in their respective offices for the year.

Members present at this meeting bent their energies upon the readjustment of the regulations governing the co-operative societies.

The study of the returns from the rural economic survey initiated by the committee in 1922

was completed and two papers summarizing the committee's observations on these returns were prepared by two members of the committee, Messrs. Tayler and Malone and these papers were published.

The Executive Committee requested Mr. Tayler to visit India on his return from his furlough in England with a view to study the operation of co-operative societies in that country for the guidance of the Committee on Credit & Economic Improvement.

The Sub-committee on Rural Co-operation appointed consists of three members. They are Mr. Tong Yu-heng, Mr. J. B. Tayler and the secretary. During the absence of Mr. Tayler, Mr. J. S. Burgess and Mr. T. C. Blaisdell were at times his representatives.

Nine meetings of the sub-committee were held during the year. It is in these committee meetings that work involved in the rural co-operative credit societies was dealt with. The report by the Adviser on Rural Co-operation which is appended summarizes the working of these societies in detail which I need not repeat here.—*Y. S. Djang*, Secretary.

1925

The "C. C. E. I" continued to be active and successful during the year, 1925. Through

one of its sub-committees, the committee concentrated its energies on the promotion of rural co-operation, a field chosen soon after its formation in 1922.

There have been two meetings of the committee during the year. The model by-laws prescribed by the Executive Committee have been adopted. Election of members took place on June 24. The personnel of the committee follows: J. L. Buck, I. S. Sun, S. H. Dean, Yu Shuteh, J. B. Griffing, Y. S. Djang, ex-officio, C. B. Malone, J. B. Tayler, T. Chen, M. T. Z. Tyau, H. C. Etter, J. S. Burgess, D. K. Lieu, D. W. Edwards, Y. H. Tang, Paul C. Hsu, and Y. Y. Tsu.

The progress made by the Committee on Rural Co-operation was reviewed. Mr. Tayler and Mr. Djang, chairman and secretary respectively of the Committee on Rural Co-operation, submitted in June, a lengthy report on the work accomplished and the program contemplated. Acting upon the recommendations embodied therein, the Executive Committee of the Commission, on July 13, increased the "Rural Co-operation Capital" fund from \$5,000.00 to \$25,000.00 and granted in addition \$2,000.00 for expenses.

The question of starting other forms of rural co-operation was taken up and it was decided to

collect data with a view to considering the advisability of starting other forms of co-operation especially agricultural. A questionnaire was drawn up by a special committee composed of Messrs. H. C. Etter, D. K. Licu, Yu Shu-teh and the secretary as ex-officio.

The election of the Committee on Rural Co-operation took place on September 22. This com-

### 3. ANNUAL REPORT OF THE ADVISER ON RURAL CO-OPERATION 1924

The Sub-Committee on Rural Co-operation is a part of the Committee on Credit & Economic Improvement appointed by the same body on August 17, 1923, to assume responsibility for the starting and the administration of the rural co-operative societies.

On November 2 of the same year, I was invited to participate in the work as the Adviser and at the same time the services of Mr. Yang Shi-cheng were also enlisted as an assistant.

Nine meetings of the sub-committee were held during the year. In these meetings the applications for starting societies were passed upon; the loan applications from the societies were dealt with; amendments to the Model Constitution for Co-operative Societies were recommended; and minor regulations relating to working details were made.

mittee is now composed of Messrs. J. B. Tayler (chairman), Y. S. Djang (secretary), Y. H. Tong, Yu Shu-teh and H. C. Etter.

A committee composed of Messrs. S. H. Dean (chairman), H. E. Chamberlain, Feng Jui, and I. S. Sun, was appointed to study plans for promoting home industry in the villages.—Y. S. Djang. *Secretary.*

The sub-committee also recommended a program for 1925 which when approved by the Executive Committee will be followed out during the ensuing year.

The details of the work of the sub-committee are summarized as follows:

On the Rural Co-operative Societies.—As soon as it was generally known that the Commission was contemplating to promote rural co-operation, letters were received from rural districts applying for starting societies in their regions: One each from Hsiangho, Shen Hsien, Pingshan, Lu Hsien; two each from, Wanping, Tang Hsien, Ting Hsien, Tung Hsien, Laishui, Lincheng.

These applications were first investigated by personal visits and, if the reports were favorable, societies in these places were recognized by the sub-committee. Up to the end of the

fiscal year, seven societies were thus regularly organized. These are at Hsiangho, Laishui, Tinghsien, Tunchsien, Shenhsien, Tanghsien and Linchung.

Membership in these societies varies from 20 to 130. The total number of members is 323.

The sub-committee granted the following sums to the societies: Laishui, Tinchsien, Hsiangho, and Shenhsien, each \$500; Tunchsien \$315. Linchung \$435 and Tanghsien \$360—a total of \$3,050.

Through the co-operation of Mr. Hsu Chen, a teacher in the University of Nanking, two other societies were organized in Kiangsu and Anhwei. The sub-committee dealt with these societies in the same way as in the case of societies in the North and made a loan of \$500 to the one in Nanking.

On the "Model Constitution" and Publications.—The "Model Constitution for Rural Co-operative Credit, Savings and Marketing Societies" of April, 1923, was found to have a number of defects when applied in practical working. Amendments were therefore necessary. The following changes have been made:

Paragraph 11 now reads: "11. On cessation of membership the Membership Share shall be refunded to the retiring member, his heir, or guardian as the case may be, unless otherwise

ruled by the Executive Committee. The share of a deceased member may be transferred to his heir if the society agrees to admit the heir as a member."

Paragraphs 43 to 45 were revised to read as follows: "43. The society shall, if possible, make such arrangements as are necessary to receive savings in cash (or in farm products) and to deposit the unused fund to some other savings agent."

"44. The savings accounts may be opened for both members and non-members but the loaning out of such money should be confined to members only."

"45. Detailed regulations for savings shall be drawn up separately."

Paragraph 46 was deleted.

The rate of interest charged by the Commission on loans granted to the societies was lowered from 8 to 6% per annum.

A set of regulations on savings was prepared and promulgated.

Other literature aimed at one or more of the following objectives was published during the year: (1) to promote interest in co-operative enterprises; (2) to ensure the close relationship between the Commission and the societies and among the latter themselves; (3) to enhance efficiency in the societies; (4) to give information relative to co-operative work.—*Yu Shu-teh, Adviser on Rural Co-operation.*



#### 4. ANNUAL REPORT OF THE SECRETARY OF THE COMMITTEE ON RURAL CO-OPERATION

1925

The number of rural co-operative credit societies has increased during the year from seven to forty-four. With the exception of two which are located in Kiangsu and Anhwei, all these societies are in Chihli province and the Metropolitan Area, 31 in the former and 11 in the latter. This concentration upon one province has been deliberately planned in order that the societies formed may not be isolated, inefficient units, but may be formed into unions and constitute a real movement.

Practically no change in the policy and working rules has been made. Many precedents pertaining to administration have been established and the technique for business transactions between the Committee and the various units developed. These practices tend to standardize and simplify the routine of the committee.

Two grants were made by the Executive Committee, one of \$20,000.00 for the capital fund and one of \$2,000.00 for expenses. These grants have provided the means for extension of the committee's program. They also made possible the organization on Oct. 31. of the Rural Improvement Department

with Mr. Yang Shi-cheng in charge.

Of the \$25,000.00 granted to the committee as a capital fund, \$21,070.00 has so far been issued in loans to the societies. Of the 44 societies now recognized 15 have not yet applied for loans. The interest rate charged on these loans remained at 6% per annum. No default of principle and interest has occurred since the first loan was granted on Feb. 8, 1924. All loans except one were granted on personal security only.

In addition to the loans from the committee, the societies having a total membership of about 1,500, have been able to raise a capital aggregating about \$3,000.00 among themselves. Local investment is encouraged and the savings system prescribed by the committee has been introduced in 15 societies.

To disseminate information and to unify the scattered units, a monthly paper known as "Co-operation News" has been published. Copies of this "News" are distributed free of charge to all societies. Seven numbers have thus far been issued.

From Nov. 27 to Dec. 3, the first training course for officers of rural co-operative societies

was given in Peking. One hundred and four delegates from 54 societies then existing (though not all recognized) attended this conference. Lectures were given by invited speakers. The proceedings of the conference including full text of lecture notes and addresses, have been published in Chinese (Commission publication, B-17). An account of the proceedings will be issued in English. This conference has given a great impetus to the movement.

As a result of the successful operation of the Raiffeisen system in China for two years and of the training course, the movement is rapidly spreading in the districts in which a beginning has been made. New societies are formed from village to village. For some weeks, two or three applications for recognition have been received daily by the committee and the number is still large. At this rate, it is safe to say that the number of societies will exceed 500 during the ensuing year, if favorable conditions obtain. On Feb. 25, 1926, the number of societies applying for recognition was 108. Inquiries have been also received from other provinces, notably Shantung and Shansi. It is only due to the limited means placed at the disposal of the committee and to the seemingly conservative policy of the

committee that no society is yet formed in these regions. The committee has been gratified that in one area the societies are proposing to organize themselves into a union. This matter is receiving very careful attention.

So far the committee has taken this work as an experiment. If sufficient facilities are available in the form of a larger capital fund and of a stronger and more experienced staff the field for expansion, even following a most conservative policy is boundless. The committee is carefully considering means of building up its staff and of training local supervisors. It is also attempting to estimate what number of societies its probable staff could cope with during the ensuing year, in view of the need for special care in the early stages to thoroughly test the character of the societies before recognizing them, and for building up sound traditions. When this has been done, a further program and budget will be submitted.

From the recorded experiences of other countries in the West as well as in India and Japan, the organization of rural credit and the promotion of co-operation in China will bring great benefits and deserves the earnest thought of the public.—  
*Y. S. Djang, Secretary.*

## 5. ANNUAL REPORTS OF THE CHIEF OF THE RURAL IMPROVEMENT DEPARTMENT

1925

This department was established in October, 1925, out of those staff members who have, during the past two or three years, had charge of the affairs arising in connection with the rural co-operative credit societies.

Although a name suggestive of a wider scope has been given, this department at present deals only with co-operative matters.

Inspection of societies already organized.—In May the Committee on Rural Co-operation desired to examine the progress attained by the societies which had completed one year's operation. Agents were sent on inspection trips. They remained in the "field" for two months. A detailed statement was made by the field agents who reported the progress made by the societies.

Recognizing new societies.—Encouraged by the report of inspection, as mentioned above, the committee in June discussed the plans for the ensuing year. It was decided to recognize 30 new societies and make an application to the Executive Committee of the Commission for the necessary funds.

Reorganization of some societies.—At the beginning of the

co-operation work, two types of societies were in vogue. Those limiting its activities to but one village were known as type "A" societies. Those functioning over a larger area composed of a number of adjoining villages were called type "B" societies.

Type "B" prevailed among the nine societies first formed. It was however not long before it was felt that too large a territory was not workable and "B" societies, as a rule, did not make as rapid progress as the "A" class. This distinction was therefore discarded during 1925. All but one "B" society have been reorganized on the basis of one society to one village.

In the process of reorganization, the phenomenon of biological cell-division manifested itself. For out of one mother society of "B" type, a number of daughter societies of "A" type have been formed. One society in Laishui, Chihli, gave rise to 6 smaller "A" societies. Another society in Hsiangho, Metropolitan Area, split into 7 or 8 independent units.

Introduction of Savings.—To encourage local receipts, the saving system as prescribed by the C.C.E.I. has been introduced in 17 societies. All necessary supplies were provided for the

purpose. The management of the savings has been carefully standardized and the routine reduced to a minimum, consistent with efficiency.

The Co-operators' Training Course. To strengthen the management forces of the societies, the first training course was given on Nov. 27. It lasted a week. 104 delegates from 54 village societies were in attendance. Two full months were taken up for the preparation of this enterprise. The proceedings are now published.

Statistics.—There are now more than 100 societies formed. Of these, 44 have been recognized, 40 of them receiving their charters during 1925. These are distributed as follows:

Tunghsien,	
Metropolitan Area	3
Hsiangho,	" 6
Paoti,	" 1
Sanho,	" 1
Laishui, Chihli	6
Kaoyang,	" 1
Lulsien,	" 8
Anping,	" 1
Sulu,	" 2
Shenhsien	" 3
Jaoyang	" 1
Tinghsien	" 2
Tanghsien	" 3
Lincheng	" 2

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40

Of these 40, 5 are organized out of old societies started a

year ago. This makes a net increase of 35. In addition, four of the original nine societies are still functioning. They make up the total number of 44. Societies have been given serial numbers for identification purposes.

There are between 15 and 60 members in each society. The total membership of the 44 societies is 1,481.

Membership shares range from \$1.00 or \$2.00 to \$5.00 or \$6.00 each share. The total sum thus raised by the societies is \$2,640.00.

There were, on the day of writing, 108 societies applying for recognition. They have a total membership of 3,000 and are capable of raising a capital of \$2,800.00.

Loans.—Eight loans have been granted during 1924. All except a loan granted to a society for a longer term, have been repaid with interest. Fifteen loans have been granted during 1925. They aggregate \$7,160.00.

Interest charged on these loans remained at the rate of 6% per annum. The limit for each loan an individual member may borrow of a society has been raised from \$15.00 to \$20.00 and the highest limit within which a society may seek for advances from the committee has been

raised from \$500.00 to \$800.00.

"Co-operation News".—This monthly paper started in June 1924 resumed publication in a printed form on Jan. 1, 1926.—*Yang Shi-cheng, Chief, Rural Improvement Department.*

### 1926

The year 1926 has been one of expansion of the rural work rather than one of new adventure; that is to say, we have been employing our time and effort in carrying out the program that had already been formulated instead of attempting new undertakings. The increased amount of work has necessitated the enlargement of our personnel; so in the course of the year, four men have been added to the staff including the chief. Before the latter joined the Commission, the affairs of the department were managed by Messrs. Yang and Wang who acted as co-chiefs, taking charge of the office and the field respectively.

### MANY NEW SOCIETIES FORMED

Reports of new societies were continually poured in throughout the year. A number of them have been recognized from time to time, but many more still remain uncovered by our registration list. A comparison is made of the status between the past two years as follows:

	1925	1926
Total number of societies	152	340
Number of recognized societies	44	97
Their membership	1,481	3,294
Their capital	\$2,640	\$7,196
Number of loans granted	15	38
Amount of loan granted	\$7,160	\$21,990

All the societies that have not been recognized are not exactly unsatisfactory. As a matter of fact, if adequate funds could be assured, possibly more societies would have received our recognition and a larger amount of loan would have been lent out.

### EXTENSION OF LOANS

A loan may be extended when the application is accompanied by sufficient reason and is favorably voted upon by the Committee on Rural Co-operation. During the year, 13 extensions were granted. Nearly all the applications stated for their chief reason the different kinds of military assessments.

A new step toward the development of co-operation is the organization of unions of co-operative societies. The first union was inaugurated in An-ping on October 24, 1926, having as members 10 societies. The second is a combination of 8 societies in Shentse, which came into existence on December 12.

### GRADING OF SOCIETIES

A system of measurement has been devised that permits the societies to be classified into different grades according to their merits. This year's result shows that only two societies are graded as B, none being found in class A, and all the remaining societies belong to class C, except those which are not graded on account of inadequate information.

### THE CO-OPERATORS' COURSE

The Second Co-operators' Training Course was conducted separately in two places and during different periods. It was opened in Tingsien and Peking on the 14th and 25th of November respectively, and each lasted for a week. The total attendance was 323 including 4 delegates from Shansi. Of these, 196 were registered in Tingsien, and 127 in Peking. The expense for the whole course excluding the salaries of the staff, and the cost for the texts and stationery, was \$1,974.88, of which \$1,200.48 was spent in Tingsien, and the rest in Peking. The cash cost per attendant to the Commission was, therefore, \$6.21. In Tingsien, 95 societies from 12 hsien were represented, while 64 societies also from 12 hsien sent their delegates to the Peking meeting.

Lectures were provided from

several institutions including the National College of Agriculture, Tsing Hua College, Hsiao-Pei University, and the Chinese Bureau of Economic Information. A modification of the course is being contemplated with a view to more intensive training of a smaller number of leaders instead of extensive training.—*S. T. Tung, Chief, Rural Improvement Department.*

### 1927

The year under review has witnessed a healthy growth of the movement, far exceeding the expectations of its well wishes. Co-operation is now found in 56 hsien. Reports are received from newly organized societies almost daily. Among these new units some full of "pep" and organized on highly efficient lines are not lacking. Had it not been due to the small amount of funds at our disposal, financial assistance would have been extended to most of them to good advantage. As things stood, we were compelled to pursue a conservative policy, aiming at laying a solid foundation upon which to build a strong and formidable structure when later adequate means would enable us to extend the movement beyond our present experimental scope. In the year, 35 of the new societies were

recognized, bringing their total number to 129, three old ones that have been disbanded during the year having been taken into consideration as may be seen from the table (For table, see Appendix I.—*Ed.*)

Chihli and the Metropolitan Area have long suffered from the civil strife and banditry. The drought and visitation of locusts have caused the people further suffering during the year under review. People have found livelihood in the country an increasingly difficult problem. Realizing the fact that in co-operative credit there is hope, the farmers have been very enthusiastic in their effort to organize credit societies in their home villages. This increased interest in co-operation among the farmers has correspondingly increased the work of the department. Limited by the budgetary appropriation, we have not been able to enlarge our staff to cope with the enlarged volume of business, but have succeeded to attend to the routine duties in accordance with the prescribed policy as may be seen from the following paragraphs.

#### ASSISTANCE FROM THE C. I. F. R. C.

Loans from the Commission have been available only to those societies duly recognized by it. In 1927, 57 loans amounting to

\$28,355.00 have thus been granted, making the total number of loans granted since the beginning of our co-operative work to 117 involving a total sum of \$60,795.00. The standing of loans as on Dec. 31, 1927, is shown in the following table:

<i>No. of Loans Amounts</i>			
Outstanding-not due	17	\$6,898.00	
Outstanding-due date			
extended	38	15,461.67	
Due and fully repaid	62	38,432.33	
Total	117	60,795.00	

As previously reported, all monies advanced by the Commission to the various societies are intended for employment by their borrowing members to some definite declared purpose. This requirement has been rigidly enforced both before and after a loan is made. From the returns made by the societies receiving loans from the Commission on the amount of money devoted to the different purposes by their members, the following statistical study has been made. (For table, see Appendix I.—*Ed.*)

#### EXTENSIONS OR RENEWALS OF LOANS

In the past, loans from the Commission have, as a rule, been granted for a year each. Borrowing societies are at liberty to repay in whole or in part prior to the maturity and also to apply for renewal one month

#### LONGER TERM LOANS

As may be seen from the table just presented, the reasons given for applying extension were all of such a nature that their validity is unquestionable. Also they suggest that our customary practice of limiting loans to

#### SOCIETIES

As in the past years, societies have been periodically visited regardless of their age or status. These visits are made by inspectors of the department. Besides giving information about the theory and practice of co-operative credit, the inspectors have been charged with the responsibility of evaluating the efficiency of the recognized societies visited. On account of



the disturbed state of transportation, our work in this direction has been made exceedingly difficult during the year. Some places have been virtually cut off from the outside world for various length of time. Thus it has been possible for us to reach only 280 societies in the whole year. In this connection, it should be mentioned that Mr. Li Ting-lan and Mr. Fang Shisan, two of our inspectors, were detained by the police at Shih-chiachwang during their stay there in the midst of a certain political change happened to take place just when they were passing through that city while *en route* to visit societies in southern Chihli. They were released only after a strenuous exchange of correspondence between the authorities and the Head Office and the intercession of friends. They were, however, obliged to suffer from personal discomfort for no less than fifteen days.

#### EFFICIENCY OF INDIVIDUAL SOCIETIES

The practice of grading societies into classes according to their degree of efficiency has been followed during the year. The result of the grading, as given in the following table, shows that on the whole the societies are more capable of doing their work in 1927 than in the previous year:

#### Societies Grouped by Grades

Grades	No. of societies		Remarks
	1926	1927	
A	-	5	Societies less than a year old after recognition, not visited during the year, or whose records are incomplete, have not been classified.
B	2	12	
C	29	46	
Not graded	66	66	
Total	97	129	

#### FORMATION OF UNIONS

Without forming themselves into unions, societies really do not enjoy the full benefit of the movement. This is because of the peculiar advantage which only these unions can bring about and by which the societies belonging to them profit. For instance, it is the union that can organize and consolidate the credit of the group, equalize the demand and supply of money, propagate the movement and furnish information to those seeking it on the spot. At two centers, there were signs of development as early as 1926. These have hardly passed their formative stage. For their guidance, the department has drawn up a series of directions for the formation of unions.

Taking as a whole, the union idea has not been much developed mainly due to the uneven distribution of recognized societies over our experimental area.

Up to the time of our report, only one union, that of the western district of Lanchow, can be said to be fully formed. It is composed of eight societies.

#### THE TRAINING COURSE

The training course given in 1925 and 1926 having shown good results as a practical means to impart essential knowledge to the officers of the "co-ops," the course was given for the third consecutive year in 1927. Due to the changed conditions, the course for 1927 was intended to attain different set of objectives from those of its two predecessors. They were, it should be remembered, of short duration, viz. one week each and for large groups, hundreds at a time. These one-week courses were meant only to give practical lessons in the methods and technique of conducting the routine affairs of the rural "co-ops".

While these short courses gave the desired effect and undoubtedly were responsible for the improvement of the societies whose membership included one or more of the "graduates" from these training courses, the program of giving elementary lessons cannot be continued indefinitely and must be left to the societies themselves or their unions when and where formed. The third course

given in 1927, therefore, pursued an intensive plan—longer term and smaller attendance. It lasted three months and had accommodation for no more than 60 students. The chief purpose was not only to train workers of the individual societies but to cultivate leadership for the movement as a whole. It is gratifying to report that mainly due to the untiring assistance given by the teachers of Tsing Hua and Yenching Universities, we have been able to conduct the course as first planned in face of many unforeseen difficulties. The class lessons were supplemented by a series of lectures organized for us by the Science Society of China.

One hundred sixty-nine individuals representing 132 societies in 28 hsien applied for entrance. After a careful selection, the number was reduced to 67, representing 66 societies in 28 hsien. All these would have been in attendance, had the railways and other means of communication been not closed or so badly demoralized as to make travel a practical impossibility just at the time when the course started. As a result, only 37 managed to reach Peking after encountering exacting experiences of various nature *en route*. Result of the final examination classified these students into three grades: 5 in

"A" grade, 16 each in "B" and "C". An account of the undertaking together with lecture notes form a booklet entitled "Proceedings of the Third Co-operators Training Course" now published as C.I.F.R.C. pub. ser. B. no. 25. The cost of the course was a little over \$1,800.00, besides salaries of the staff. All lecturers volunteered their services gratis.

#### CO-OPERATIVE SELLING

A start in what may one day turn out to be an important form of development, has been made during the year. It was co-operative selling of products of rural industry. Anping Hsien, Chihli, was the center of horse hair and human hair trade, upon which the livelihood of 20,000-30,000 was said to depend. Due to the poor quality and excessive practice of adulteration, the trade suffered a rapid decline. In fact, as far as horse hair is concerned, there is now no hope of revival for the exporting firms have perfected their own arrangement for the collection and preparation of this product for export. An attempt to rescue the human hair trade was, however, considered still worth while. So under the leadership of the co-op of Wang Chia Chwang, an experiment was run wherein the village collectors through the co-op were enabled to sell a

shipment of human hair to a foreign firm in Tientsin direct without going through the old system of middlemen and brokers. The department was responsible for bringing this about. Before the shipment was made up in the country, the market condition was studied and made known to the villagers. The prospective buyers were visited. During the transaction, our agents were present to assist both the buyers and sellers. An experimental transaction was thus made on August 29, in Tientsin.

Unfortunately the experiment can not be considered a financial success, for the market prices were against our co-operators at the time. On the other hand, the experiment was well worth while from many points of view. In the first place, the system of middlemen and brokers was ignored, buyers and sellers doing the business face to face. The farmers themselves gained the experience of the entire process step by step and were given an opportunity to understand what is wanted by the buyers. We understand that the Wang Chia Chwang people have since made similar shipments to Tientsin unaided.

#### "CO-OPERATION NEWS"

The *Co-operation News* serves admirably well the purposes for which it was intended. It is



grading done at the end of the year according to a new scale which provides five grades instead of the previous three. Among the 169 recognized societies, 34 societies were less than one year in standing, and 10 societies had not been inspected, while the 125 societies duly inspected and graded gave the following results:

Grade A	7 societies
„ B	30 „
„ C	24 „
„ D	42 „
„ E	22 „

It must be remembered that in the year before there were no Grade A societies.

In the course of the year, 63 loans aggregating \$28,579 were advanced to the societies, while a number of old loans were re-funded. A detailed analysis of the status of loans is given below:

	No. of loans	Amount
Loans standing	35	\$15,296.00
„ due	16	4,700.24
„ renewed	23	11,313.00
„ paid back	106	58,064.76
Total	180	89,374.00

The purposes to which the loans were applied by the individual borrowers may be observed from the tables (For tables, see Appendix 1—*Ed.*)

The old unions of the co-operative societies have not only maintained their existence but

are still energetically pushing forward new activities. The department has been eagerly watching their progress and giving advice occasionally when needed. One union, that of the Anping Southwestern District, has been recognized by the Committee on Rural Co-operation on the recommendation of this department.

Three unions were formed more recently. These are: Chao-hsien Western District, Lih-sien Northern District, and Anping Northwestern District Unions.

#### REVISIONS AND ADDITIONS TO RULES AND REGULATIONS.

To make the regulations adaptable to practical conditions, some amendments were made in them, and along with these a few new articles have been introduced to meet new needs. The regulations which were revised are as follows: (1) model constitution of the rural co-operative credit societies. (2) policies of the Committee on Rural Co-operation vis-a-vis the societies. (3) rules governing the determination of the maximum credit for the members of the rural co-operative credit societies. (4) conditions which a society is required to observe when applying for loans (5) regulation concerning the reserve for savings deposits. (6) regulations guiding the procedure of organizing a local union. (7)

regulations governing the publication of the *Co-operation News*. (8) regulations governing the grading of the societies and the amount of loans that may be extended to them.

The following sets of rules have been added: (1) regulations governing the issuance of certificates for inspectors and supervisors. (2) regulations governing the appointment of holders of certificates of inspectors and supervisors to service by the rural improvement department (3) conditions governing the subsidy for local unions by the Commission. (4) regulations governing the inspectors of rural co-operative credit societies by their local unions.

#### APPOINTMENT OF LOCAL CO-OPERATIVE LEADERS TO SERVICE

In the course of the year 28 certificates for inspectors and supervisors were issued to co-operative members who were experienced in the methods of co-operation, and three of them have been appointed to serve in the capacity of local inspectors. The appointees are all successful attendants of the Third Co-operative Training Course, and hence they not only know the technic of co-operation but also the principles. Their records are commendable.

#### RELIEF LOANS AND LOANS FOR WELL-DIGGING

The relief loan, as its name

implies, is designed to relieve famine stricken people, be they members or non-members of the co-operative societies. This measure was adopted by the Executive Committee upon the recommendation of the Committee on Rural Co-operation which found the plan advisable on account of the frequent reports of famine from the co-operative societies to this department.

The loan is entrusted to the co-operative societies within the famine area, and bears no interest.

The total sum granted by the Executive Committee for the purpose was \$36,000, and, as a result, loans were extended to 38 societies aggregating \$35,942. According to the reports of the society agents, 2 533 families with 16,457 individuals were benefitted by the money.

The well-digging loans are to be managed principally by the Shantung Committee, but it is also provided that co-operative societies may apply to this department for loans to be used co-operatively for sinking wells. This new activity has tended to increase the department's responsibilities considerably.

WORK IN CONNECTION WITH THE  
JOINT INSTITUTE OF  
AGRICULTURE

Tsing Hua University, Yenching University and

shan Institute jointly conduct an agricultural school for the purpose of training farm boys in the practical scientific knowledges of agriculture. Finding this attempt in conformity with the famine relief idea, the Commission stepped in and extended its help. Announcement was published in the *Co-operation News* No. 36 in July, and the period between July 15 and Aug. 25 (1928) was set for applications. A number of applicants were given permission to take the entrance examination which took place on October 25. As a result, 30 students were enrolled. Practically all the complicated business affairs in conjunction with the said Institute were managed by this department, the academic side being taken care of by the three co-operating institutions.

The following table shows the history of the Institute:

No. of pr-	No. of dis-	No. of pro-
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#### CO-OPERATION DAY

Taking advantage of the occasion presented by the entrance examination of the above-mentioned Agricultural Institute, this department undertook to conduct a Co-operation Day at the Engineering College of National University, Peking, on October 26. The object was to impress upon those young and fresh minds the significance of and some fundamental ideas concerning co-operation. The Day was divided into two parts. In the morning, members of the Committee on Rural Co-operation as well as a few outside speakers were invited to address the guests, while in the afternoon these were given the opportunity to hear lectures on more concrete subjects connected with co-operation delivered by the staff of the department. The students were also entertained with a lunch and tea party.

#### THE FOURTH CO-OPERATIVE TRAINING COMMITTEE

operative Training Course should be organized and conducted by the local societies themselves with the assistance of the department. Chaohsien, Shentseh, Anping, Lihsien, Laishui

were designated as centers of the course, and all except Shentseh successfully carried out their programmes.

The following table gives a resume of the four courses:

Hsien Center	Society Center	Date Held	Attendance	Societies Represented	Hsien Represented	Subsidy from the C.I.F.R.C.
Chaohsien	Hsiao Kou	Dec. 16-20, 1928	97	35	4	\$ 80.93
Laishui	Lou Tsun	Jan. 2-6, 1928	85	37	3	86.51
Anping	Chung Jau	Jan. 22-26, 1929	106	55	5	99.06
Lihsien	Hsilin-ching, Chwang	Feb. 21-25, 1929	75	31	3	68.72
Total			363	158	15	\$335.22

Thus a large number of people received training at or near their own homes besides the added benefit of experience and activity, while on the other hand the expenditure of both money and working force from the department was reduced considerably in comparison with the other years.

#### "DIVISION OF LABOR" BETWEEN THE DEPARTMENT AND THE COMMITTEE ON RURAL CO-OPERATION

The department's labor was somewhat lessened by two executive members of the Committee on Rural Co-operation

who were appointed to share the promotional or technical parts of the work as distinguished from the regular daily affairs for which there are rules and precedents.

The executive members who attend office for about six hours per week took charge of the following matters: (1) To supervise the work of the department and to make decisions on doubtful points. (2) To make proposals to the Committee on Rural Co-operation. (3) To improve and systematize the work of the department, especially with regard to field



inspection and statistical matters. (4) To edit and write articles for the *Co-operation News*. (5) To formulate policies and curriculum and to invite teachers for the training courses. (6) To devise ways and means whereby societies may achieve better internal management and better outside relationship. (7) To push the co-operative credit movement as well as co-operation along other lines. (8) To make and maintain close connections between the Chinese and foreign co-operative bodies. (9) To take charge of other non-routine matters.

This new attempt was begun Jan. 8, 1929.

#### MISCELLANEOUS AFFAIRS

1. Set of forms and blanks compiled. To meet the frequent requests of those interested in co-operation, the department has compiled and bound the forms and blanks used by this department as well as by the co-operative societies into one complete volume so as to facilitate ready distribution without omission or duplication. The volume contains over 140 different items which may be classified into three kinds, namely, the more formal blanks which are printed, the mimeographed blanks, and the form letters.

2. Co-operative flags. We are indebted to the Interna-

tional Labor Office for a beautiful co-operative flag and have sent it to a factory to have copies made which will be distributed to the local co-operative societies.

3. The *Co-operation News*. This little paper has been growing in popularity hand in hand with the co-operative movement. Its circulation is now over 2,400. Old copies of Nos. 1-40 inclusive have been bound into one set and a summary table of contents and also an index have been added to the volume.—*Yang Shi-cheng, Chief, Rural Improvement Department.*

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1929

Seven years have passed, since the Commission initiated its co-operative work. At first, the idea was so new to farmers that it was hard to make a start. Initial difficulties having overcome, we had to interest the then existing government which was not acquainted with the new movement. Unsettled conditions of the country during the years have likewise been responsible for the slow progress we have been able to make. Had it not been for the conservative policy we have been consistently following, even the little progress we have thus far achieved, would have not been possible.

Our co-operative work was started with a view to adapting the system to conditions peculiar to China. So the work has been of an experimental nature. The results obtaining from this experiment were to be placed at the disposal of people and authorities interested in this work. It is, therefore, gratifying to watch the beginning of co-operation in many provinces and the rapid rate of progress made in certain directions. If co-operation will develop along right lines, the labor spent by the C. I. F. R. C. in making the early start will have been fully repaid. For this reason, the members of the Department have discharged their respective duties always in a hopeful and cheerful spirit, whether they are engaged on the office routine or in field work.

#### PERSONNEL OF THE DEPARTMENT

The policy adopted by the 53rd meeting of the C. R. C. whereby the business of the Department is jointly undertaken by the staff and two executive members of the committee, has been followed during the year. The plan has worked well. Matters pertaining to training of workers, extension and special investigations were attended to by the executive members, while the Chief of the Department as-

sumed the routine responsibilities. In this way, each member of our staff participated in the work along lines for which he is especially fitted and the efficiency of the Department was maintained at a high level.

Dr. S.T. Tung and Mr. H.S. Chuo have been the executive members this year. They attended office on alternate days. The routine work of the Department has been distributed among the seventeen members of the staff under seven different groupings: Loans, Correspondence, Registration, Statistics, Supplies, Filing and Inspection. The spirit of co-operation was high, though labor was divided. The number of letters received and dispatched daily has been steadily over one hundred and these were attended to without unnecessary delay.

#### PROGRESS OF THE MOVEMENT

Increase in the Number of Societies: Two hundred fourteen new societies have been formed during the year. Seventy seven of them have been found to be well organized and subsequently recognized by the C.R.C. The number of recognized societies has thus been brought to 246 and that of unrecognized ones 572, making a total of 818. Except two that are located in Kiangsu and Anhwei, these societies are formed

in 59 hsien in Hopei. For detailed information about these societies, see following table:

Table Showing Distribution of Societies in Hopei at end of 1929.

Hsien	No. of Societies.		Total
	Recognized	Not Recognized	
Chaohsien	16	48	64
Anping	37	39	76
Shentsch	21	22	43
Laishui	24	18	42
Kwangping	2	30	32
Feihsiang	—	50	50
Lihsien	27	28	55
Sulu	6	19	25
Ningtsing	—	20	20
Hsienhsien	1	18	19
Yuanshih	4	21	25
Tonghsien	5	15	20
Hochien	3	12	15
Hsingho	—	10	10
Shenhsien	6	6	12
Jaoyang	6	12	18
Wuchi	8	2	10
Ankuo	6	8	14
Hsiangho	9	12	21
Tungshien	6	9	15
Fangshan	11	11	22
Sanho	3	5	8
Paoti	1	7	8
Narkung	—	8	8
Lincheng	5	7	12
Pohsiang	2	7	9
Tsingyuan	3	6	9
Tinghsien	8	5	13
Chohsien	10	4	14
Chuchow	—	11	11
Puyeh	2	5	7
Wutsing	1	3	4
Luanchen	3	4	7
Yienshan	—	8	8
Tacheng	—	7	7
Kaoyang	2	3	5
Kuar	—	1	1

Kaoyi	—	6	6
Taming	—	24	24
Wanping	—	2	2
Nuichow	—	2	2
Mancheng	—	3	3
Chinghai	1	1	2
Suning	—	4	4
Ansing	—	2	2
Yaoshan	—	4	4
Tsinhsien	1	2	3
Lianghsiang	2	2	4
Kwangtsung	—	1	1
Wanhsien	1	2	3
Chuyang	—	1	1
Wuchiang	—	1	1
Chengan	—	6	6
Lungping	—	1	1
Chuloh	—	1	1
Shunyi	1	—	1
Weihsien	—	2	2
Pinghsiang	—	2	2
Yunnich	—	2	2
Total 59 hsien	244	57	816

Growing with the number of societies are membership, local capital, savings deposits, reserve funds, etc. These figures are given in the appended table. (*see Appendix 1.—Ed.*)

Higher Efficiency Shown by the Societies: The recognized societies have been thoroughly inspected and their relative efficiency carefully determined. More societies qualify in Grade A this year than in any previous year, bespeaking well of their attaining substantial progress in business efficiency and of the earnest efforts of the members concerned. The result of grading by year is tabulated below:

Year	No. of societies	Number of societies of different grades										Not Class- ified	
		A		B		C		D		E			
		No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
1926	27			200	74	72	26						68.04
1927	120	3	2.5	12	10	53	44	35	29				51.16
1928	179	2	1.1	17	9.5	24	13.4	24	13.4	22	12.3	11	6.2
1929	236	2	0.8	17	7.2	24	10.2	24	10.2	22	9.3	17	7.2

### Formation of Local Unions:

While the unit societies grew both in strength and number, local unions also increased in activity. Practically in all regions where a minimum number of recognized societies existed, unions have been formed entirely as the result of local initiative. Nine such unions were fully formed at the end of 1929. Their names which also indicate their locations are: Anping Southwest; Laishui Northwest; Shentze West; Fangshan Northeast; Lih-sien North; Anping Northwest; Lih-sien West; Chao-hsien South and Chao-hsien Central-northwest.

Of these nine unions, Anping Southwest has been recognized by the C.R.C. The Department had delegates present at the meetings of the other unions and the Department's inspectors have visited them at frequent intervals during the year. Reports indicate that all these new unions have been properly organized, and should be accorded recognition in time.

### CO-OPERATIVE LOANS

**Increase of Capital.** So far the C.I.P.R.C. has but \$51,000 available for making loans to the co-ops. This is admitted by an inadequate resource for a growing movement. The Executive Committee has recently remedied it by re-allocating the set returns from the "Relief Loan" funds amounting to \$36,000.

**Loan Figures:** During the year, 75 loans aggregating \$33,040 have been granted to the recognized societies, bringing total sum granted since the beginning of the work to \$122,414. The status of loans on December 28, 1929, was as follows:

Status	No.	Loans	Amount	Remarks
Not due	59	\$24,900.78		
Due	13	4,374.77		Including sums in transit, etc.
Extended	23	9,893.86		
Repaid	160	83,244.59		
		255	\$122,414.00	

**Loans Waived:** The Loutsun and Shangcheting societies both

at Laisbui were much embarrassed this year on account of robbery committed by deserted soldiery. As it happened, just as the money was collected by these co-ops for repaying the Commission, the villages were visited by deserted soldiers and the money was taken away. On investigation, the truth of the report was established. It was a case of *force majeure* and the treasurers concerned were found to have done everything in their power to protect the money. Realizing that while the loans granted by the Commission to the co-ops are primarily to enable the rural societies to begin their functions, they are also meant to lessen the hardships to which the farmer members are exposed, the C.R.C. voted to share the loss with the societies in question, by waiving half of the amounts due the Commission. The amounts thus written off the books were \$99.-84 in the case of Loutsun and \$175 in the case of Shangcheting. No other cases of loss were reported and the societies are instructed to use special precaution along this line, in order to prevent future recurrence of similar instances.

**Average Size of Loans:** It is assumed that co-operation helps the under-privileged class of people. A study made of the size of loans confirms this belief.

The following figures were compiled from returns made by the societies that have borrowed money from the Commission:

Size of Loans	Number	Amount	% of total
\$10 and below	785	\$6,332.50	6.26
\$10-20	2,992	52,063.30	51.50
\$20-30	679	16,716.20	16.54
\$30-40	239	8,666.00	8.57
\$40-50	105	5,059.00	5.00
\$50 up to \$150	166	12,266.10	12.13
Total	4,966	\$101,103.10	

From the above table it is clear that a majority of the loans belongs to the \$10-\$20 class; loans ranging from \$20 to \$30 are less popular, while larger loans are relatively few. Only farmers of very limited means are thus seen deriving the benefit out of co-operation.

**Loan Terms:** A study of the loan terms reveals the fact most of the loans granted by the co-ops to their members run from six months to a year. Terms less than six months seem to be less helpful in the rural districts, while farmers of moderate means did not venture to contract debts that run over twelve months. The following table shows the loans classified by terms:

Length of time	Members borrowing	Total amounts	%
6 mos. & less	516	\$11,621.30	11.49
6 mos. to 1 yr.	4,041	81,812.80	80.92
1 to 1½ yrs.	239	4,544.00	4.50
1½ to 2 yrs.	161	2,920.00	2.89
2 yrs. & more	9	205.00	.20
Total	4,966	\$101,103.10	

Purpose for which Money is Used: From the returns made by the co-ops, yearly summaries have been prepared showing how the money was used by the farmer co-operators. These are given in the appended tables. (see Appendix 1. - Ed.). A finer classification is made during the year of loans granted up to the end of the year. It is significant that most of the farmers used co-operation as a means to free themselves from the high interest which their debts are carrying, as the first step toward economic recovery. Next in importance are purposes that are directly productive in nature, such as buying of implements, animals, etc. The following table gives further details:

Purposes	Member borrowing	Total amounts	%
Repaying old debts	1,247	\$24,078.00	23.82
Animals	765	16,164.00	15.99
Food	729	13,116.50	12.97
Implements	425	8,266.50	8.18
Repairing houses	255	6,812.20	6.74
Seeds	291	5,143.00	5.09
Redeeming land	198	5,103.60	5.04
Fertilizers	221	5,031.00	4.98
Reclaiming land	229	4,828.30	4.77
Irrigation	50	1,503.00	1.48
Marriages and funerals	64	1,434.00	1.42
Others	492	9,623.00	9.52
	4,966	\$101,103.10	

#### RELIEF LOANS

To meet the rehabilitation

needs of farmers who sustained heavy losses due to the famine in southern Hopei in 1928, the Executive Committee granted \$36,900 to be applied as loans without interest through the recognized societies in the affected region. The management of this loan was given to this department. A total of \$35,942 was given out through 38 societies, the task being completed on April 2, 1929. These societies are distributed among Anping, Li, Jaoyang, Kaoyang, Ankuo, Shen, Shentze, Ching, Wuchi, Ting, Chao, Kwangping, and Lianghsiang hsiens.

Competency Demonstrated: The relief loans were given to 2,859 different farmers. Of this number only 444 or 16% were members of the handling co-ops. This is a clear indication that the societies showed no partiality toward their own members. Moreover during the year no complaint of any sort has been received from the farmers who may have legitimate reason to feel that they have been unfairly treated. The inspectors of the Department also have been able to report that the conduct of the co-ops that managed these loans have been highly commendable, and that the money was properly employed.

Low Overhead: The regula-

tions governing the relief loans provided that the overhead account of this operation shall not exceed 10%. As a matter of fact, due to the extreme care exercised by the co-ops, the cost of this work has not exceeded 5%. Some have sent in statements of expenses that represent barely 1% of the money handled. One society, that of Wangchialiyuan of Shentze, voluntarily assumed the small expenses it incurred in connection with this service.

**Prompt Repayment:** Up to the end of the fiscal year, 21 societies have repaid in full either in advance of or on the dates the monies entrusted to them fell due. Sixteen others have repaid in part. A total of \$28,854.50 has come back, leaving a balance of \$7,087.50 not yet cleared.

**Proper Uses:** From the returns, the following table is prepared. It is significant that food is the main item, fulfilling the purposes for which the loan was made:

Purposes	Amount	%
Food	\$22,398.00	62.31
Repaying old debts	3,449.00	9.60
Implements	2,970.00	8.26
Livestock	2,936.00	8.17
Seeds	1,646.00	4.58
Repairing houses	901.00	2.51
Redeeming land	570.00	1.58
Fertilizers	527.00	1.47
Weddings and funerals	192.00	.54
Not stated	253.00	.98

### ENROLLING STUDENTS FOR THE RURAL WORKERS' TRAINING SCHOOL

One distinct service rendered by the C.I.F.R.C. to the agricultural communities of North China is through its active participation in the Rural Workers' Training School. This year, the second class was admitted to the school. The Commission has continued its financial assistance. Announcement for the course was made in the July number of the *Co-operation News*. More than 500 applications were received. One hundred eighty-one of these applicants were found to be qualified to take the entrance examination. These applicants were classified into three classes: to class A belong those that fulfill all requirements; class B, those who are delinquent in certain aspects but should be allowed to take the examination; class C, those that should pay tuition if admitted (students who came from relatively well-to-do families). It is encouraging to note that within the short time of a little more than a month (July 15 to August 22) over 500 have applied for admission. Only 30 were chosen from this number by competitive examination. The students admitted were, therefore, those who have had sufficient preliminary training and the high standard of the

school was assured. The following table shows the pertinent data:

	Applicants	Representing		Remarks
		Hsien	Provinces	
Applications	516	55	Hopei, Honan, Shansi, Suiyuan, Chekiang	Including 81 received too late
Qualified to take the Examination	181	43	Hopei, Shansi, Suiyuan.	A 47 B 97 C 37
Taking the Examination	74	23	"	A 34 B 35 C 5
Admitted into the School	30	13	"	A 19 B 9 C 2

Applicants of class A were promised return travel expenses if they fail in the examination, those of class B must pay their own travel if they fail, but will be exempt from tuition if they succeed; those of class C are placed entirely at their own expense and must pay tuition, if admitted. Expenses incurred in connection with the entrance examination amounted to \$249.55, including \$229.55 paid to students who failed in the examination for their return travel. The examination was given on September 15 in the Law College of Peiping University.

#### CO-OPERATION DAY OBSERVED

Following the practice of the preceding year, on September 16, the Department conducted the Second Co-operation Day.

About 70 of the farmer lads after having taken their examination, were entertained. Mr. H. S. Chuo, one of the executive members of the C. R. C., took charge of the forenoon session lasting from 9 to 12. Mr. Yang Shi-cheng, chief of the Department, explained the co-operative movement. Mr. Y. S. Djang, Executive Secretary, was the chairman for the afternoon session. Among the speakers were Mr. Ho Pong-hsien, representing the Commissioner of Agriculture and Mining, Prof. Chen Tsai-chuin of the Agricultural College, and Mr. Shen Shou-chien of the Rural Worker's Training School. These speakers not only have given their attentive audience valuable information about agricul-



Table Showing Attendance, etc., of the

Sections <sup>1</sup>	Date	Class hours	Organizing society or societies	Meeting place
A	1929 Nov. 21-25	34	Hsitingchwang	Hsitingchwang, Kwangping
B	Dec. 1-5	34	Huchiachwang, Chienyuanku, Tungpeichwang, Hsitunchwang, Tungho, Pungku, Yentsun, & Luku	Huchiachwang, Feihsiang
C	Dec. 11-15	34	Tawang, Chaochieh, Liangtsun, Hsisingan, Luchieh, Nanying, & Tungsingan	Tawang, Pohsiang
D	Dec. 21-25	34	Takung, Sungtao, Futsun, Wang- sung, Hsiehtsun, Chwangwo, Kusze, & Hangchwang	Takung, Yuanshi
E	Nov. 22-26	30	Peifangshui	Peifongshui, Tonghsien
F <sup>2</sup>	1930 Jan. 2-6	30	Hsichangchiachwang, Nanliuchia- chwang, Tungchangshih, & Kaoyeh	Confucius' Temple, Ankuo
G	1929 Dec. 10-15	30	Wangchialiyuan, Hsiaoliyuan, Nanliuchiachwang, Fangyuan, Peiliuchiachwang, Peichaopa- chwang, & Nanchaopachwang.	Peichaopa- chwang, Shentsch
H	Dec. 21-25	30	Hsiaoliwen, Mahuson, Hsiaochu- tsun, Takwanteh, Hoshenlu, & Kaowangliwa	Hsiaoliwun, Hochen
J	1930 Jan. 11-14	30	Peiliupeihu	Peiliupeihu, Hsingho
Total	—	—	43	—

<sup>1</sup> Section I was organized by the Liuliho society of Lianghsiang. The section however did not meet as the meeting place, a school house, was being used as a barrack at the time.

<sup>2</sup> The deficit was met by the organizing societies.

## 5th Co-operators' Training Course.

Attendance	Societies represented	Hsien represented	Expenses <sup>2</sup>	
			Total	C. I. F. R. C. subsidy
158	69	Kwongping, Taming, Chuchow & Feihsiang	\$126.96	\$99.42
92	41	Feihsiang, Chengan, & Kwangping	69.85	69.85
75	36	Lingchen, Pohsiang, Nuichou, Yaoshan, Lungping, Singho, Nankung, & Kaoyi	78.64	78.64
57	26	Pohsiang, Ningtsin, Luancheng, Chaohsien, Kaoyi, & Yuanshi.	75.34	46.24
37	16	Tonghsien, Wanhsien, Tinghsien, & Mancheng	36.13	36.13
93	49	Wuchi, Poyeh, Ankuo, Tinghsien, Lihsien, Anping, & Tsingyuan	95.00	95.00
118	58	Shenhsien, Sulu, Yaoyang, Tsinhsien, Tinghsien, Wuchi, & Shentseh	113.20	100.00
53	22	Tacheng, Hochien, Yenshan, & Hsienhsien.	76.03	60.00
34	17	Tunghsien, Sanho, & Hsiangho	35.48	35.48
117	134	39 <sup>4</sup>	706.63	620.76

<sup>3</sup> Postponed from Dec. 1-5, 1929.

<sup>4</sup> Of this number, Tinghsien participated in three sections, Wuchi, Kwangping, Feihsiang, Fohsiang, and Kaoyi each participated in two sections.

ture, co-operation, etc., but also have imparted to the young boys a new spirit for rural improvement. A picture of the group was taken at 5 p.m. and the day's program was ended with a dinner served in the Law College.

#### THE FIFTH CO-OPERATORS' TRAINING COURSE

These courses have been given annually. In 1928, the course was organized by the co-operatives themselves, the Commission only rendering assistance where necessary. The result of the trial was so successful that the same policy was followed for the second time in 1929. Ten sections were projected. As soon as the announcement was made in the *Co-operation News* (no. 51), the societies concerned started the necessary preparations with enthusiasm, resulting in the successful carrying out of the original plan by nine of the sections. Attendance records show that these were well-attended, some having as many as over 150. Section E had hardly a month, in which to prepare and Section J was scheduled to be in session near the lunar New Year. These two sections had, for these reasons, relatively small attendance.

Not only recognized societies sent delegates to the training course this year, but many of

the un-recognized societies were also represented. Local officials and party leaders have shown more interest in the training courses than in former years.

Besides providing teaching staff, the Commission has also helped the different sections financially. A total of \$620 was thus disbursed in subsidy. In the 9 sections, more than 700 members belonging to 334 societies of 39 hsien were represented. For details, see table. (*Vide pp. 84-5.—Ed.*)

#### FUTURE POLICY

From the years of experience, we are convinced that the progress of the movement is largely limited by the insufficiency of local leadership. As most of the farmers have had no educational opportunity, only a very small number among the members of any given society can be depended upon to transact the business of the society in question. The moment the one or two literate officials leave the society, it is liable to rapid deterioration in its business efficiency. We, therefore, conclude that progress in co-operation must advance *pari passu* with the development of education. To this end, it seems wise that we should devote more time and thought than we have hitherto done.—*Yang Shicheng, Chief, Rural Improvement Department.*

## APPENDIX 5

### ABSTRACTS FROM THE "FAMINE COMMISSION BULLETIN"

DECEMBER, 1923

The Committee on Credit and Economic Improvement recognized the importance and practicability of introducing the Raiffeisen system of co-operative credits into China from the very beginning, since it has proven so successful in other countries. Members of the committee have been mastering the literature on this subject and drafting operating regulations which seemed to them to be the most suited for Chinese villages. A "model constitution for rural co-operative credit societies" has been published in English and Chinese and is therefore not reproduced here.

This "model constitution" is the result of this study and of a prolonged conference held under the auspices of the "C.C. E.I." in Peking.

Toward the support of this movement, the Executive Committee voted an appropriation of \$5,000 to establish a "capital fund" and \$500 for expenses.

At a meeting held on August 7, 1923, a committee composed of Y.S. Djang, Y.H. Tong, and J. B. Tayler was appointed to start and to administer the rural co-

operative credit societies to be organized under the "model constitution". This sub-committee was fortunate to secure the voluntary services of Mr. Yu Shu-teh to be the "Advisor on Rural Co-operation". Yu has studied this particular subject in Japan where rural co-operation has taken a successful hold and is teaching this subject in the Peking (National) University and the Chihli Law College of Tientsin. He is also the author of a handbook on rural co-operation in Chinese in which the working conditions and manner of organization of the rural credit societies in various countries of the world are critically studied and compared.

The sub-committee on rural co-operation with the assistance of Mr. Yu has already taken the preliminary steps to form societies in Hsiangshien, Tanghsien and Tsinhsien primarily for experimental purposes. These three districts are therefore the first batch of counties in which the committee is helping to start rural co-operation. They are all near enough to Peking to make close supervision possible.

As soon as the societies in these three hsien are in working order, it is intended to proceed with the organization of a second batch. Inasmuch as the work is of a pioneer nature, much study, care and patience are required to introduce the rural co-operation idea into China properly.

The University of Nanking has also taken a keen interest in this movement and is cordially co-operating with the Commission. Mr. Paul C. Hsu of that institution made a few trips to the country with this matter in view. A society near Nanking has already been organized. The committee is asking the Nanking University to represent the Commission in Kiangsu and Anhwei in this work. Matters of general policy and other features which will affect the entire movement are however left to be dealt with by the committee or the Adviser on Rural Co-operation.

Besides the constitution, the village societies will be given all the necessary assistance by the committee. In the first place, they are instructed in the philosophy of the movement. The villagers are told that the movement was initiated by the Commission and that it will help the worthy members of a community to help themselves. That the movement may tend

to enlighten the rural population in general subjects, the Commission will provide literature, visiting lectures, etc. for their benefit.

The committee also provides the rural societies with all the blank forms, accounting books, and stationery which are necessary for carrying on their activities in a thoroughly businesslike manner.

These forms too are the result of careful study and prolonged discussions. They are selected from the prevalent forms used in everyday business in the cities and carefully adapted to the use in the villages. Forms used in similar societies in foreign countries were consulted and their useful features incorporated in the forms to be used in Chinese villages.

The policy of the sub-committee on rural co-operation is to spare no time or effort in establishing a co-operative credit system in China which, while learning from the original German system and the later modifications in various far eastern countries including India, Burma and Japan, shall be thoroughly indigenous in China because adapted to local conditions.

No effort is spared in imparting to the villages through their representatives the true significance of the movement which

is to induce and encourage self-help, community welfare and mutual co-operation.

The societies will start business with only one line of endeavor namely; money lending at low rates of interest for approved purposes to members of the societies. Gradually other features will be introduced; probably savings will be the first item, then co-operative buying and selling.

FEBRUARY, 1924

Further progress is reported by the sub-committee on rural co-operation. Two societies have received their official recognition from the committee. They are the First Co-operative Society of Laishui and the Wutsun Co-operative Society. These places are in Chihli. In Kiangsu the University of Nanking has succeeded in forming one society (Feng Yun) near Nanking. A loan has already been granted to this body.

These three societies represent three different classes of rural co-operation. The Laishui people are mostly farmers, Wutsun is a weaving center in Tingsien, Chihli, while the Fengyun Society (near Nanking) is composed of market gardeners. Societies in other selected villages are in process of formation and before long, the sub-committee on rural co-

operation expects to have at least ten societies in operation.

APRIL, 1924

#### MASS EDUCATION AND RURAL CO-OPERATION

(An Editorial)

We are not sure how many realize the significance of the two very promising movements being propagated in China today. We refer to mass education and rural co-operation.

That China's masses must be educated to read and write is not doubted by many and, thanks to these advocates, mass education is being conducted in almost every corner of the land. To derive the greatest good at the least expenditure of money and time an abnormal curriculum has been outlined, adopted and followed out by thousands of mass schools. In time, not far distant we hope, they will effectively relieve the intellectual famine, as if it were, from which China has suffered for centuries.

Economically too China's masses anxiously await relief, not only during a famine but also in normal years. The development of ports and cities tends to accelerate the destruction of rural economic progress. Agriculture yields its position of importance to industry. Absorption of small savings among the rural community becomes unavoidable. Money tends to

go to the cities where they finance factories instead of farms. The result of this phenomenon is the scarcity of capital in the rural districts, hence, high cost of money. It is therefore evident that if the present state of affairs is allowed to continue, more capital will be absorbed from the country; agricultural enterprise will become less attractive; cities will become more prosperous and the rural districts will gradually be left to deterioration. The ultimate consequence of all this will be food shortage, poverty, and frequent famines.

We therefore cannot forebear to admire the deep foresight of the founders of the Commission in including in its program the one item which, if properly supported and worked out, will truly prevent famines in China—that of rural co-operation.

The merit of the Raiffeisen system which was first invented in Germany and has been instituted in various other countries, (usually under very similar conditions to that in China after 1920), is sufficiently apparent to warrant a fair trial in China. This the Commission is doing.

As reported previously, in ten selected centers rural co-operation has been set on foot and, from the experience of the past six months, rural co-opera-

tion in China can be spoken of as very hopeful. Those in charge of this special experiment plan to make observations in the operation of these ten societies and perfect these organizations, before starting a new series.

Their reason is that the present working plans of operation are in essence the original German system adapted to Chinese rural conditions by students of economy in their studies and in committee meetings. The rules thus laid down may work splendidly when put into actual operation but, at the same time, they may not. So the first series of ten societies have been organized to try out how far the rules are practical and what are the features which must be eliminated or amended in order to obtain a set of rules for rural co-operative societies that will be of practical value in rural China.

The second series will provide more material for still further modification. The rules that will govern the third series will then be obtained. If every thing goes well, this experiment should be concluded in the winter of 1926.

Judging from the result of this same movement in European and Asiatic countries, including India and Japan, rural co-operation should materially

widen the margin of livelihood of the farming population, sufficient to tide them over between poor harvests, and to stabilize the agricultural industry. Advancing hand in hand with the propaganda for mass education, rural co-operation will be one of the two essential elements that will strengthen China fundamentally. The good that these two movements will do will last indefinitely among the Chinese people. We are proud to see that the Commission is heading up one of them.

JUNE, 1924

#### DOINGS OF THE E. C.

..Mr. J.B. Tayler, chairman of the C.C.E.I., was asked to return to China via India in order to gain an insight into the actual working of the co-operative credit system there.

#### THE "C.C.E.I."

This Committee had its 7th meeting on May 21. The following is a resume of what took place:

Certain amendments to the "Model Constitution for Rural Co-operative Credit, Savings and Marketing Societies" were made.

The By-laws for the committee were adopted after the model for standing sub-committees prescribed by the Executive Committee.

A report of the Adviser on

Rural Co-operation was received (A resume of this report is given elsewhere).

The Committee reviewed the drafted regulations for savings, submitted by the Adviser on Rural Co-operation. The Sub-Committee on Rural Co-operation was requested to go into the matter and make recommendations.

Messrs. J.B. Tayler and Y.S. Djang were re-elected respectively chairman and secretary of the committee.

The Committee resolved that for the immediate future, it will bend all its energies to the promotion and perfection of co-operative enterprise in China.

#### PERTINENT FACTS ON RURAL CO-OPERATION SO FAR ACHIEVED

Mr. Yu, the Adviser on Rural Co-operation, in his report to the C.C.E.I. pointed out the following facts covering the practical end of his work:

1. Ten societies have been formed, 7 of which have been recognized by the committee. Of these, 5 have been registered by the hsien magistrates.

2. There are 449 members in these nine societies, which have raised among themselves \$668 and have borrowed from the committee a total sum of \$2,055.

3. The committee has sent three different agents to visit



the societies to give necessary assistance.

4. So far, all the societies are enaged only in lending money to their members.

5. Rates of interest charged to members by the societies vary from 8 to 12% per annum (Societies pay 6% per annum on their loans from the Commission and are required to charge interest not exceeding 12%).

DECEMBER, 1924

Recent writings by members . . . The two Executive Secretaries each contributed an article in the *China Weekly Review* for Nov. 22, (1924)... Mr. Djang dwelt on the subject of "Will The Chinese Farmers Remain Financially Independent?" featuring the activities of the Committee on Credit and Economic Improvement, with reference to the rural co-operation experiment.

JUNE, 1925

#### LIVE DATA ON RURAL CREDIT

##### Committee Makes Report

As reported before, the Committee on Credit and Economic Improvement popularly known as the "C.C.E.I." appointed sometime ago a small committee to go into the matter of introducing rural co-operation into China. A small grant of \$5,000 has enabled them to conduct a modest experiment during the last two years. After a con-

siderable amount of study by the members of the committee, nine societies have been organized whose operation has been closely observed by the aforesaid small committee.

In their recent report, a number of interesting facts were brought out.

In the first place, it has been ascertained that rural co-operation has its place in rural China, for the committee has received more applications from the villages for the establishment of the societies than its financial ability could handle.

The report pointed out that all societies enjoy a healthy growth, one of them having grown so large that it was necessary to sub-divide itself into six smaller units. To the nine societies during the last year the committee granted as loans at 6% interest total financial aid of \$3,880.

This sum was in turn loaned to the farmers by the societies at an interest of not more than 12% and was used by them for the following purposes:

Approximately 1/5 for repaying old debts. 2/5 for agricultural purposes. 1/5 for industry and trade. 1/5 for other legitimate contingencies.

The report shows also that 48.75% of the loans to the societies are not yet due, and 32.20% were extended for six

months due to the flood and famine last year. 19.05% of the loans were paid in full on due date. All interest charges have been met promptly.

That the operation of the committee in introducing rural co-operation means direct benefit to the rural community is shown by the fact that for every \$100 devoted to loans to the societies, the Commission is thereby helping the farmers to effect a saving of \$20 due to the difference between the interest rates. That payable by the farmers to the societies is not allowed to exceed 12% while the rate of interest current in rural districts is about 30%. With the investment of \$3,880 by the Commission, a local contribution of \$455 was induced. This makes the total sum loanable by the societies to their members \$4,335 for the nine villages in which co-operative credit societies have been organized. The report which is written by Mr. J.B. Tayler and Mr. Y. S. Djang, is in manuscript form and copies may be obtained upon application to the head office of the Commission.

OCTOBER, 1925

FARMER-CO-OPERATORS TO  
ATTEND LECTURE COURSE

To give the co-operators of some 50 rural co-operative credit societies a better and more

thorough knowledge of co-operative principles and practice, a lecture course will be given in Peking to about 100 farmers under the auspices of the Committee on Rural Co-operation beginning November 27th. This will be the "First Co-operators' Training Course".

Two members of each society will be invited to attend the classes, the committee paying their travel both ways and lodging expenses during the week. The subjects to be taken up include the following: Principles of Co-operation, Co-operative Credit, The "Model Constitution," The Savings Regulations, Management of Rural Societies, Accounting and Other Forms, and Chinese Co-operative Endeavors.

The delegates who will attend the lectures will be called upon to report on their respective societies and ample opportunity will be given for discussion. Entertainments are also planned for them. The lectures will be given in the Southern University buildings.

THE "C.C.E.I."

The result of the recent new election of the Committee on Credit & Economic Improvement is as follows: Messrs. J. L. Buck, D.K. Lieu, J.S. Burgess, C.B. Malone, Ta Chen, I. S. Sun, S.H. Dean, Y.H. Tong, D.W. Edwards, J.B. Tayler, H.

C. Etter, Yu Shu-teh, J.B. Griffing, Y.Y. Tsu, Paul C. Hsu, and M.T.Z. Tyau.

Besides continuing the promotion of rural co-operation, the committee has decided to make preliminary inquiries into the possibilities of new lines of activities such as consumers' and producers' co-operation, rural home industries, etc. Two small sub-committees have been appointed to make recommendations on these subjects.

#### RURAL IMPROVEMENT DEPARTMENT

Since November 1923, there have been two staff members who were assigned to attend to the work in connection with the rural co-operative credit societies. Inasmuch as the work was then purely of experimental nature, this small staff was not organized into one of the departments of the head office. With the gradual development of the work, and the staff being authorized by a special budget, it is necessary to organize a separate department. Thus on October 28th., the Rural Improvement Department was formed in the head office. For the time being, this department will attend to all matters concerning the co-operative credit societies. Other functions of the "C.C.E.I." will also be attended to by this new office.

#### RURAL CO-OPERATION

The following is a list of rural co-operative credit societies which have received the recognition of the Committee on Rural Co-operation up to Oct. 15, 1925. They include the societies organized during the previous year.

<i>Society No.</i>	<i>Names</i>	<i>Hsien</i>	<i>Province</i>
2	Wu Tsun	Ting	Chi.
3	Tunghsien Ist.	Tung	Metro-politan
6	Shenhsien Ist.	Shen	Chi.
7	Lingcheng Ist.	Lingcheng	..
8	Fengyung	Kiangning	Ku.
9	Keng Village	Hwaiyuan	An.
10	Lou Tsun	Laishui	Chi.
11	Wu Ke Chwang	..	..
12	Shang Chu Ting	..	..
13	Pei Pu Tsun	..	..
14	Hsi Ying Fang	..	..
15	Fu Shan Ying	..	..
16	Yien Chiao Cheng	Tung	Metro-politan
17	Cheng Tse Tsun	Sanho	..
18	Kwan Chia Tsou	Tang	Chi.
19	Hsiangho City	Hsiangho	Metro-politan
20	Yi Chia Tun	..	..
21	Sun Chia Chi Wu	..	..
22	Ta Wang Chwang	..	..
23	Pei Chu Kou	..	..
24	Ku Hsin Chwang	..	..
25	Lu Ke Chwang	Paoti	..

## DECEMBER 1925

54 SOCIETIES SENT DELEGATES  
TO 1ST CO-OP. TRAINING COURSE

## Fifteen begin Savings

As announced in the last issue of the Bulletin, the first Co-operators' Training Course was held in Peking from November 27 to December 3. Of the 139 hsiens in the Metropolitan Area and Chihli Province, 15 were represented at this conference. A total of 104 officers and members of 54 village societies were in attendance, 97 of them attended the full session, 7 being delayed by the interrupted traffic caused by the military operations.

These delegates were reimbursed part of the travel and lodging expenses, each having to pay a small amount, between \$3 and \$8, toward the cost of the trip. Of the 104 farmers, ten came at their own expense. In addition to this outlay, the rural co-operators were obliged to give up their work at home and to be exposed to cold and discomfort which is the lot of those who travel during a "War."

Class work was given in the rooms of the Southern University, day and night. On three occasions, the delegates were entertained at the Y.M.C.A. building, twice at social meetings and once at a movie show. Games, songs and refreshments

were provided for their enjoyment. On Sunday, November 29th, by special arrangements with the authorities involved, the delegates were admitted free to seven public gardens of the capital. At the close of the session, certificates of attendance were issued.

The number of societies that have received the recognition of the Committee on Rural Co-operation has increased from 22 to 44 since our last appearance, although more than 80 have applied for recognition. Some of them have been visited by the committee's agents and will soon be granted formal recognition.

Two societies are in the process of formation in Shansi, under the guidance of Mr. W. A. McLean of Fenchow.

The following fifteen societies have recently started to receive savings deposits. They are, as far as we know, the first units to operate a modern savings system in the Chinese villages.

Soc. No.	Name of Society	Hsien	Province
2	Wu Tsun	Ting	Chi.
3	Tung Hsien 1st	Tung	Met.
6	Shen Hsien 1st	Shen	Chi.
7	Lin Cheng 1st	Lincheng	..
10	Lou Tsun	Laishui	..
12	Shang Chu Ting	..	..
13	Pei Pu	..	..
14	Hsi Ying Fang	..	..
15	Fu Shan Ying	..	..
18	Kwan Chia Tsou Tang	..	..

19	Hsiang Ho City	Hsiangho	Met.
20	Yi Chia Tun	"	"
23	Pei Chu Kou	"	"
24	Ku Hsin Chwang	"	"
25	Lu Ke Chwang	Paoti	"

FEBRUARY, 1926

TWENTY-FOUR MORE SOCIETIES  
ORGANIZED FOR RURAL  
CO-OPERATION

The newly established Rural Improvement Department of the head office has been busy ever since its inception. The past two months have witnessed continued growth of the rural co-operative credit system. The training course given in last November apparently yielding tangible result worthy of the effort made.

Village after village has sent in reports of the organization of credit societies and applied for the formal recognition of the Committee on Rural Co-operation. Field agents were recently sent and remained in the field for a period of over a month. Their reports on the societies visited caused the committee to accord recognition to 24 societies on Dec. 23, 1925, making the total number of recognized societies 44. Investigation of additional ones is proceeding and there are more than one hundred which have not yet been visited.

During the summer of 1924, there was published a monthly paper which was entirely devoted

to the subject of rural co-operation and was primarily intended for the farmers. The "Co-operation News" as it is called, was mimeographed and issued in very small editions. The "News" was discontinued after the appearance of its 5th. number.

Since the training course and because of the acute need for an organ through which to disseminate information to the 6,000 or more farmers now "co-operating", it was deemed absolutely necessary to resume the publication of the "News". So beginning with the 6th. number which appeared on Jan. 1, 1926, the "News" is now sent to each organized village in printed form. Two thousand copies are printed for each edition. The 6th. number is a four page paper while the 7th. number contains 6 pages. Copies are available at the head office for those who care to send for them at 2 cents each. They are free to the village societies.

To give an idea of the contents of the "News", the following headings are taken at random: "Education is a By-product of Co-operation", "Anhausen, the first Village to have Co-operative Credit, before and after", "Love of Peace is True Co-operative Spirit", "Relationship between Officers and the Membership", etc.

The full proceedings of the First Training Course is now off the press and can be had at 40 cents a copy postpaid. See review elsewhere in this issue of the Bulletin.

Mr. J.B. Tayler is giving a course on "co-operation" in Yenching University. This course consists of three lectures a week throughout the second semester.

#### BOOK REVIEW

#### "PROCEEDINGS OF THE FIRST CO-OPERATIVE TRAINING COURSE"

(A Book Review)

This compilation which is published in Chinese represents the week's labor and effort in a worthy manner. No detail was omitted. The book is divided into three parts. The first deals with the organization and operation of the conference, illustrated with pictures. The lecture notes form the second and main part. Every word uttered by the invited speakers was faithfully reproduced in writing. The last section contains the text of two addresses; one on mass education in the villages and one on the success and failure of Danish and American co-operation. The verbal reports made during three evening sessions by the representatives of the delegates to the conference of their experiences in organizing rural

credit in their home villages are also recorded in the concluding pages, 54 reports are thus dealt with.

The little book is intended to serve two ends, as set forth in the introduction. It is to preserve the experience gained and to carry forth the gospel of Raiffeisen the inventor of this ingenious system. Those who read its pages are bound to form the opinion that the book has succeeded in fulfilling its declared purposes. A brief English translation of this publication is promised.

APRIL, 1926

#### RURAL CO-OPERATION CATCHING THE PUBLIC EYE

\$40,000 added to funds

The Executive Committee at its 41st meeting added \$30,000 to the Rural Co-operation capital fund, making it total \$55,000. An additional \$10,000 was also granted for defraying expenses in connection with the expansion of the work during the ensuing year.

These grants were voted in response to an application made by the chairman and the secretary of the Committee on Rural Co-operation for work in selected areas.

The total number of societies thus far recognized is 52, 3 more than 150 others have applications for recognition.

soon as communications are re-established, agents will be sent to visit these new societies, and to make their recommendations to the committee in charge as to whether or not recognition should be given.

That the idea of rural co-operation is gradually attracting attention in China can be seen from the numerous requests for articles on the subject received from the editors of handbooks, periodicals and weekly journals. The Chinese Government Bureau of Economic Information has signified its willingness to include co-operative information in its weekly and monthly bulletins. On many occasions, members of the committee have been invited to deliver public lectures on the subject. Applications for literature pertaining to the work are being received from all quarters.

**"RURAL CO-OPERATIVE CREDIT  
IN CHINA," HISTORY, PLANS  
AND PROSPECTS**

(A Book Review)

This little pamphlet tells of the Commission's work on rural co-operation in a nut-shell. It has been written in response to inquiries from many non-Chinese speaking quarters, particularly among the missionary circles in the interior of China and co-operative agencies abroad.

In four short sections, this latest addition to the C.I.F.R.C. series, embodies a wealth of information and statistics which have been carefully collected during the last four years. It begins by stating the reasons why Chinese farmers need the help of credit in its easiest and simplest form, such as is characteristic of the Raiffeisen banks. The plan of the committee responsible for this work is then briefly outlined, leading step by step to the actual application of the definitely worked out plans.

Results already obtained are elaborated upon in the middle two sections showing logically how the system helps the economically weak and small men, when sufficient support is given to the movement. The ending sentence is significant: "Given financial support and adequate personnel, the Commission is confident of enhanced progressive results".

Copies may be had upon application at the head office, free of charge.

**JUNE, 1926  
WAR EFFECT ON CO-OPERATION  
SLIGHT**

Co-operative credit continued to develop in spite of the military disturbances. Societies formed in the country and awaiting recognition now number 192 while the number of recognized societies is 59.

Four inspectors have been in the country since early May and will remain in the field till late July. They are visiting old societies and inspecting the new ones. Reports which have been received from these inspectors indicate general growth of the co-operative spirit and increasing understanding of the idea on the part of the farmers.

The Committee on Rural Co-operation has been meeting regularly and, among other things, has perfected the regulations for local unions and has devised a system of grades which will make it possible to determine the efficiency of the societies and to classify them according to their performances.

The C.C.E.I. has designated the "C.R.C." as its executive committee in matters concerning the co-operative movement.

#### TAYLER IN ENGLAND

Prof. J.B. Tayler left on furlough end of May and will not return till 1927. Mr. Tayler has been chairman of the C.C.E.I. and of the Committee on Rural Co-operation till the time of his departure. His place on the C.C.E.I. was filled by the election on May 14th of Prof. C.B. Malone of Tsing Hua College. Mr. Y.H. Tong released Mr. Tayler as chairman of the "C.R.C." Mr. Tayler's address: 4 Beresford Road, Wallasey, Cheshire, England.

OCTOBER, 1926

#### SIX HUNDRED CO-OPERATORS TO ATTEND TRAINING COURSE

The number of enrollment in this year's training course will be six-fold the last year's attendance, provided no serious military trouble will arise to affect the region where the delegates live.

To make it easy for the co-operators to attend, the course will be opened both at Tingsien and at Peking. The course will last for a week. Classes will begin at Tingsien and Peking respectively on November 15 and 26. The curriculum has been slightly changed, more emphasize being placed upon the practical methods of book-keeping and of explaining and handling the various regulations and forms issued by the Commission. Due time is given to the subjects on co-operative purchasing and co-operative marketing, besides co-operative credit which of course receives our primary consideration. Agricultural questions of practical importance will be briefly treated by experts with a view to bettering the farming methods and spicing the other lectures which are more closely related to the subject of co-operation.

Lecturers will be provided both from our own staff and from other institutions such as



the National Agricultural College, Tsing Hua College, and Ho Pei University. Addresses by such noted men as Mr. Hsui, the President of the National College of Agriculture, and other well known economists, are also arranged for.

Since our last appearance, 31 more societies were recognized from time to time by the Committee on Rural Co-operation. There are now 78 societies whose total membership is 2,607. Their total resources are \$29,696 including \$5,106 raised locally by the societies themselves. Some 205 new societies are now awaiting recognition.

#### DR. S.T. TUNG JOINS THE C.I.F.R.C.

Dr. Shih Tsin Tung, (Ph. D., Cornell) was invited to head the work of the Department of Rural Improvement. Dr. Tung is a former graduate of the National College of Agriculture, Peking. After his graduation he was conferred a government fellowship by Tsing Hua College to study in America. He entered Cornell, specializing in Agricultural Economics, and took the Master's Degree in 1922, and the Ph. D. Degree in 1924. Then he went to England, and pursued further economic studies at the London School of Economics.

Dr. Tung traveled extensively in the Continent, and made

himself acquainted with the agricultural, industrial and educational institutions in more than a dozen countries. In Denmark, the country of co-operators, he has had the benefit of obtaining valuable information about the co-operative movement first hand.

Upon his return to China last fall, Dr. Tung was made a department head in the National Mass Education Association; and also professor of rural sociology at the Agricultural College. He also served for a short period in other educational and governmental capacities.

#### MALLORY MAKES GOOD EUROPEAN CONTACT

Reports to E.C. from London

Mr. Walter H. Mallory, Executive Secretary of the Commission who is now on furlough, has been busily engaged whilst in Europe this August. He has visited a number of international agencies with which the Commission has been in correspondence. They include the International Red Cross Committee at Geneva, the League of Nations (particularly the Relief Section), the Co-operative Service of the International Labor Office, and the League of Red Cross Societies at Paris. It is needless to say that his visit to these offices are invaluable, as he was able to explain personally the Commission's work to the

NUMBER 2: AN ACCOUNT OF THE  
SECOND "ATTACHED CO-OPERATOR"  
TRAINING COURSE. The program  
for a similar conference last  
year was repeated, only on a  
more extended scale. More than  
320 farmers, many of whom, at  
least, must have endured exces-  
sive hardship due to military  
movements over the area whence  
they hail, still had sufficient  
courage and enthusiasm to leave  
their villages to attend the  
training course. That they were  
there, must be construed as an  
evidence of their interest in and  
conviction for the principle of  
co-operation. Those who were

#### CO-OPERATORS' CONFERENCE WAS SUCCESSFUL

Although only 323 delegates  
including 4 from Shansi Pro-  
vince were registered as against  
600 anticipated, the Second Co-  
operator's Training Course was  
an eventful one. The reduced  
size of attendance was partly  
due to the storm which came  
just before the Tientsin ses-  
sion, and partly due to the in-  
terrupted railway traffic and  
troop movements. Those present  
were exceedingly enthusiastic.  
Out of the total membership  
240 persons or 74.3% attended

all the classes and other lectures, while the corresponding percentage for the last year was 66.4%. The cost to the Commission per delegate was considerably reduced, the difference between the two years being a little more than a dollar.

The National College of Agriculture extended to the delegates attending the Peking session every courtesy. The professors and students were always ready to give help. They conducted the farmers to visit the laboratories and the college farm in two afternoons, and explained to them as they went through the various departments. The college welcomed the guests with a most exquisite reception and concluded its hospitality with an entertainment of music, dramatic performance, and other amusements that will always remain a pleasurable memory for the cultivators to reflect upon.

In the course of the week a number of noted scholars delivered addresses on various subjects. The diplomas were conferred by Mme. Hsiung Hsi-ling who closed the conference with an inspiring speech.

#### NUMBER OF REGISTERED SOCIETIES ABOVE 100 MARK

Since the appearance of the last issue of the Bulletin a number of co-operative credit socie-

ties have been recognized from time to time. At present the total registration stands at 103. Unless more capital fund can be secured the above number will not be much increased for sometime to come.

#### PUBLICITY TO BE GIVEN TO RURAL WORK IN AGRICULTURAL JOURNAL

The China Agricultural Association will accept correspondence from the Rural Improvement Department for publication in its organ paper. Articles relating to rural co-operation will be supplied to the Agricultural Journal for the benefit of those who are interested in our work and the welfare of the farmers.

#### FORMATION OF THE FIRST CO-OPERATIVE UNION

Anping became the birth place of the first union of co-operative credit societies on October 24, when more than forty delegates representing 10 societies gathered together to draft constitution and to elect officers. The union was formally organized as a result of the meeting, and is now awaiting recognition by the C.I.F.R.C.

#### TO START MARKETING SOCIETIES SOON

At the 37th meeting of the Committee on Rural Co-operation on November 1, a plan was

submitted by Mr. Etter concerning the preliminary steps toward the organization of co-operative marketing societies. Questionnaires are to be prepared by a committee composed of Messrs. Etter, Malone and Tung.

FEBRUARY, 1927

# INDIAN INDEMNITY RETURNED BY GREAT BRITAIN FOR C. I. F. R. C. WORK

(As FOLLOWS)

That the "China Indemnity Advisory Committee" has been fit to include 5% of the Indemnity funds available yearly for famine relief and rural credit and to designate the C. I. F. R. C. to be the administering body, is a fact for which the well-wishers of the Commission should feel pleased and encouraged.

.....Around the two main lines of activities—engineering and co-operative credit—the work of the Commission are centered. And in these two chosen lines, experience has now proven that work done in these two directions, while it may not receive immediate thanks from those benefited, will receive recognition and reward in the long run. The proposal of the Advisory Committee should please the famine relief workers not exactly because of the fact that considerable funds will be placed at their disposal, but

more especially because of the encouragement these proposals entail. That in the division of the well-contested funds involved, the Commission should have been considered as a competent body to carry out the good will which prompted the rendition of the Indemnity by the English people, is certainly worthy of note and speaks well for services rendered in the past.

## PROGRESS OF THE CO-OPERATIVE MOVEMENT IN 1926

During the past year the co-operative movement has made a long stride forward. A few facts may be cited for the purpose of illustration. The number of organized societies has grown from 152 in 1925 to 340 in 1926, and the number of recognized societies has increased from 44 to 97 in the same period. Both the capital raised by the societies themselves and the sum loaned to them from the Commission have multiplied above three times since 1925.

### Second Co-op. Union Organized

Since the appearance of the last issue of the Bulletin, another co-operative union has been organized. It came forth in Shentseh, Chihli, on December 12, being a federation of eight societies.

### Scale of Success Has High Standard

As a result of the grading of co-operative societies by means

of a set of factors as previously reported in these columns, all but two out of 31 societies thus classified belong to grade "C". The best two are found in the "B" class, none being seen in the "A" rank. Sixty six societies were not classified owing to incomplete data.

Co-ops. are Primarily for Farmers

A resolution was recently passed by the Committee on Rural Co-operation that no more than one fourth of the original membership of a society can be allowed to persons other than actual farmers and none except farmers may become an ordinary member after its formation. This action is necessary to preserve the rural nature of all societies, since many urban communities have organized societies and have applied for recognition. They would materially affect the program of the committee and complicate matters unless definitely regulated. The committee proposes to make no attempt at organizing urban societies in the near future.

APRIL, 1927

#### THE BEGINNING OF CO-OPERATIVE SELLING

Hair industry is common in rural regions in some parts of the Metropolitan Area and Chih-i. The product has always been sold for export through brokers,

who represent the collecting export companies at the ports, such as Tientsin. An inheritant defect in this mode of collection has been adulteration. This practice has become so common that collecting agents are no longer sent into the interior by some of the export companies, and hair industry in regions affected have practically ceased.

Needless to say, the absence of hair trade has taken away from the farmers one of the activities next in importance only to farming itself. Desirous to help the farmers in their home industry, the Rural Improvement Department has taken steps to effect the establishment of connections between the buyers in Tientsin and interior farmers.

It is proposed that hair of standard quality and packed in standard packages, all prepared in the country, will be shipped to Tientsin for disposal on co-operative plan. To ensure honest measure, high quality and to realize better profit to the farmers are the apparent results to be achieved.

Before definite proposals are made to either side, the conditions of the industry are first to be studied. Thus, questionnaires have been issued to the farmers and special agent has been sent to Tientsin to investigate the market. The results obtained

from this inquiry will guide the Commission in its action.

#### DENMARK TO BE VISITED

To guide the Commission's co-operative work, delegates have at different times been sent to visit countries where co-operative credit has been successfully developed, such as India and Japan. Information and data collected by these delegates have been freely consulted and adopted by the Committee on Rural Co-operation in their work.

Taking the advantage of his return from England, the Executive Committee has requested Mr. J. B. Tayler of that committee, to make a trip to Denmark, a country popularly known as a land of co-operation, and to acquaint himself with the latest developments of the Danish agricultural co-operative enterprises. He is likely to be joined by Mr. H. C. Etter, another member of the committee, to make the study together. If everything goes well and arrangements can be made, both Mr. Tayler and Mr. Etter will be in Denmark visiting co-operative organizations for the benefit of the Commission in June and July.

By the time they return to China, the committee will have the benefit of information collected personally by the mem-

bers of the "C. R. C." from three of the leading co-operative countries, India, Japan and Denmark, besides the personal experiences of Mr. Tayler in the Rochdale system of his own country and of Mr. Etter in co-operative marketing in Canada.

Keeping in touch with the International Labor Bureau and with the Co-operative Unions in many lands, the committee seems to be properly provided with up-to-date information and experiences from all important co-operative countries of the world.

#### FIGURES SHOW PROGRESS IN THE "CO-OPS."

Continued progress of the rural co-operative credit movement during the last two months has been reported as more rapid than the preceding corresponding period. Fifty seven societies have been organized, 40 more in process of formation. Records show that there are up to April 23, 1927, 397 societies in existence. One hundred and thirteen of them have been recognized by the Commission, 18 being accorded recognition only recently. The following pertinent facts are published for the information of the public:

Number of existing societies	397
Total membership in these societies	7,164
Number of recognized societies	113

Their total membership	3,812
Their total paid-up membership shares	\$6,820.50
Number of loans granted	95
Number of societies borrowing	67
Total amount of loans from the Commission	\$51,665.00
Loans due and fully re-paid	11,575.33
Loans outstanding, (not due)	40,089.67

#### RURAL IMPROVEMENT HAS NEW CHIEF

Dr. S.T. Tung has resigned as the Chief of the Rural Improvement Department to accept a teaching position in the National Agricultural College. Beginning from April 1st, Mr. Y.H. Tong assumed the charge of the department. Mr. Tong, who has been the chairman of the Committee on Rural Co-operation, was a graduate of Cornell University, and is well-versed with rural economics. Having served on the C.C.E.I. and, particularly, the Committee on Rural Co-operation, Mr. Tong is familiar with the problems he has to deal with. His joining the staff at the Commission office augurs well for the future of the co-operative work.

JUNE, 1927

#### CO-OPERATION RECEIVES OFFICIAL APPROVAL

General approval and toleration are the key-notes of an official dispatch, recently received by the Commission from the Ministry of Finance, con-

cerning the rural co-operative societies.

There is thus far no special law governing these societies in China. Approval by the government is therefore, essential to preserve their status quo during the experimental stage. Almost all recognized societies have been registered with the magistrates of the various districts to which the societies belong. The dispatch from the Ministry of Finance, when put into English, reads something like this:

Your letter enclosing two lists of societies, loans, etc. concerning the Rural Co-operative Societies is hereby acknowledged.

It appears that, in respect to number of societies formed and amounts of capital advanced by the Famine Relief Commission, the progress of the movement is in a satisfactory state.

This Ministry also notices that interest charged on these advances is at 6% per annum, and that, out of seventy-three loans listed, only three have been made against collateral securities. These conditions distinguish the movement from the practice of usury.

This Ministry, therefore, likes to see that your Commission will continue the work exercising supervision over these societies, in order to achieve even greater success.

This Ministry retains the two lists you sent in for reference. —By the Minister, (Seal of) Ministry of Finance. June 9, 1927.

#### CHIHLI COMMITTEE ALLOCATES FURTHER FUNDS

....Capital for Co-operative Credit Societies \$6,000....

#### THE THIRD CO-OPERATORS' TRAINING COURSE

As has been published in these columns, the Commission has in the past two years conducted training courses for the cultivation of leadership in the various rural co-operative credit societies organized by the Commission. Beneficial effect of this training warrants the repetition of the course this year.

There is, however, one marked difference in the policy. In the two annual courses already given, the motive was to impart rudimentary knowledge in the officers of these village-societies. The course, therefore, lasted only one week each time. Needless to say, with a heavily burdened curriculum, there was altogether too little time to go into any subject deeply enough.

Again, as the societies grow in number by leaps and bounds, this "broadcasting" system is no longer practical, for in place of one course given in 1925, there were two courses given in two different places last year

due to the development of the co-operative movement in the interval.

If the same policy should be followed this year, there would be, at least, four different sessions whose attendants would number more than one thousand. To meet this situation and to make the training more thorough and efficient, it has been decided to concentrate the training on a few leaders selected among the various rural communities, (instead of villages recognized as separate entities) and give them a longer period in which to receive instructions. So it was decided to conduct a course in Peking, which will cover a period of three months. Instead of accommodating one thousand or more, the anticipated number of attendants for the 3rd course will not be more than fifty.

Plans are rapidly taken shape for the opening of this course in the middle of October next. A Taoist Temple known as Yung An Kuan in Hsi Liu Tsun, a village to the east of Tsing Hua campus, has been rented for the purpose. Arrangements are being made with the authorities of National Agricultural College, Tsing Hua and Yen Ching, with a view to making it possible for their teachers to participate in the teaching. The curriculum includes subjects of vital impor-



tance to the organizers and supervisors of the co-operative societies. These may be grouped into four separate departments, viz. Economics, Co-operation, Accounting and Agriculture. Each of these departments will be under the deanship of one expert, so that the lectures will cover a subject as a whole, although it may be taught by one or more teachers.

The spare time of the farmers will be engaged by various lectures, demonstrations and sight-seeing tours. Further details will be announced in the next number of the Bulletin.

#### Figures Indicate Growth

In our April number, it was reported that, up to April 23, the total of outstanding loans granted by the Commission to the various "co-ops" was \$40,-089.67. It should be pointed that, included in this sum was \$7,924.67 being the amount of 17 loans repayment of which was extended for various reasons. The pertinent figures reported by the Rural Improvement Department on June 13th are as follows:

Number of loans granted	103
Number of societies borrowing	73
Total amount of loans granted	\$55,515.00
Loans due and fully repaid	\$12,375.33
Loans outstanding (including \$7,924.67 in 17 loans extended)	43,139.67

"The Development of Farmers' Co-operation in China" is the title of a paper presented by Dr. S. T. Tung, formerly Chief of the Rural Improvement Department at the Commission office, before the Annual Conference of the Japanese Agricultural Association held at Kyoto last May. Being intimately interested in the movement and having actively participated in the work of the Commission, Dr. Tung was eminently qualified to make known the results of the Commission's co-operative experiment to the farmers in Japan.

OCTOBER, 1927

#### INTENSIVE COURSE PLANNED FOR CO-OPERATORS

The Third Co-operators' Training Course was opened on the 15th. October in the taoist temple, Yuen An Kwan, Shi Liu Tsun, east of Tsing Hua College campus, Peking.

Sixty-five students representing as many societies distributed over 27 hsiens of Chihli and Metropolitan Area were expected to take part in the course. On account of interrupted traffic, however, only eighteen have come. As announced in our previous issue, the course will last three months, during which time a fuller course than given in former years will be pursued by the students under the guidance



the initiative of the people themselves without any effort or propaganda on the part of the Commission. Up to the end of November this year, more than 550 societies have been thus formed. To the regret of the Commission due to its limited financial resources and small staff, not all of them can be accorded recognition so that financial assistance may be extended to them. Still, new societies come into existence every day in the various localities. It becomes particularly impossible for the Commission alone to meet the situation in a satisfactory manner.

"Just on the point of addressing a further communication to the Government requesting its support so as to enable the Commission to cope with the situation, to our profound delight, we notice in the Government's Gazette of November 7th, that rural co-operation is listed among the types of work for rural improvements to be carried out under the patronage of the Government in a memorandum submitted by your Ministry to Marshal Chang Tso-lin. The Ta Yuan Shui has given his approval and instructed the Ministry to devise ways and means to carry out of the proposed program so as to obtain substantial results. This clearly indicates the fact that co-opera-

tion is recognized both by the Government and the people alike as an important measure in a program for economical regeneration of the rural districts. It should, therefore, become the duty of all citizens to make progressive efforts for the promotion of rural co-operation so as to carry out the Government's policy as well as to respond to the desire of the rural population for the betterment of their welfare.

"Now reports from societies in Tingsien, Anping, etc. are to the effect that they should be disbanded according to the orders from the officials. It is to be greatly regreted that although reports concerning the co-operative work have been sent to the Government in the past, the Commission, nevertheless, have failed to make their program perfectly clear to the authorities. Moreover, the societies that have been formed by the Commission apparently fall short of the standard as conceived by the Government and it became necessary for them to issue orders for their curtailment or suppression.

"Fortunately, our original object for conducting this experiment was largely to gain experiences, since co-operation was, up to that time, not known in China and, although it is a beneficial enterprise, it was ne-

cessary to secure indigenous data before the country-wide promotion can be undertaken. Careful data and records have been therefore kept since 1924, so that sufficient information has now been gathered and a few officers have had actual experiences in the matter of promoting co-operative credit in China.

"In accordance with the wishes of the Government the Commission naturally should take steps to wind up the experiment and at the same time advise the existing societies to disband at the soonest possible moment until the Government is ready to exercise supervision over them according to the co-operative law to be promulgated.

"But co-operation in China is but still in its infancy and the abrupt suspension would not only be a serious loss in the enthusiasm and understanding already brought into being, but is in apparent contravention to the policy for rural regeneration of the Government. Whether or not our decision to wind up should be carried out is therefore a matter which warrants serious consideration. Before we proceed any further, we would obliged for an indication of Government's wishes regarding the same.

"Whatever may be the outcome of the present situation,

the Commission are always prepared to make their experience available to the Government and to perform such services as desired by them. The Commission's fervent hopes are that under the patronage of the Government, co-operation will prosper to the benefit of the farming population. The efforts of the Commission for having initiated the movement in China, will then have been fully repaid. The favor of a reply is earnestly requested."

The enrollment at the Co-operative Course in session since October has grown from 16 to 39, many having arrived late on account of the interrupted railway traffic. Quite a few of them arrived in Peking on foot from their home-villages. On account of the limited attendance and distressing situation in their home-villages, the course was shortened by two weeks. Class work ceased at the end of the year.

FEBRUARY, 1928

GOVERNMENT DOES NOT SUP-  
PRESS CO-OPERATIVE  
MOVEMENT

In our last issue, we printed a letter written to the Ministry of Agriculture and Labor explaining the position of the Commission in respect to the co-operative movement. As can be seen from that document, the Gov-

ernment has issued a circular order to the provinces instructing the provincial authorities to investigate the societies with a view to ascertain whether there is any irregularities practiced by them and, should such be found, to curtail or disband them at their discretion.

As a result of personal calls at the Ministry, it was found that the Government did not intend to discourage the movement in any way, but rather aimed to eliminate any possible undesirable elements that may be existing. The representative of the Commission was distinctly told to proceed with the work pending the promulgation of regulations being drawn up by the Ministry.

#### CO-OPERATIVE COURSE

The third annual co-operators' training course closed on Dec. 31, 1927, when thirty-seven received certificates of attendance. The course was shortened by two weeks on account of proximity to the Chinese New Year and difficulty of travel due to the military operations in the regions wherefrom most of the student-co-operators came. Results of the final examinations showed that the course was well pursued, many receiving grades above seventy. Prizes were offered to the best five students. A special prize was presented by the Agricul-

tural Department of the Tsing Hua College for the best of the class. Everybody received a brass ink-well with appropriate inscriptions on it as a souvenir for his attendance.

Our readers will be interested to know that this course attracted the attention of the American co-operators, for in the number for January of the "Co-operation", the official organ of the American Co-operative League, an account of the course was given.

Following the past custom, all lecture notes and appertaining information concerning the administration of the course will be published in a pamphlet form. This will be No. 25 of Series B. Copies are to be had at 50 cents each, post paid. Co-operators and societies are entitled to pay a reduced rate, at 15 cents per copy. Applications should be sent in as early as possible as the edition is limited. The issue will contain more than 250 pages.

APRIL, 1928

#### SUGGESTS TO RATIONALIZE AG. EDUCATION

A virtually new school to be brought about through re-arrangement of available resources and co-operation of two or three agricultural institutions in Peking will afford a practical means to train rural workers who will go back to the farms after graduation.

This is the object of a co-operative plan being perfected between Tsing Hua and Yen-ching universities with the co-operation of the Hsiang Shan agricultural institution, and, to some extent, of the C.I.F.R.C. To explain fully what this plan involves or aims to accomplish, we present the following paper entitled "'To Land' Science in China, a Practical Scheme for the Introduction of Scientific Agriculture to the Chinese Farmers", recently laid before the Executive Committee by Mr. Y. S. Djang.

Mr. Djang does not claim to have conceived the idea himself for he made it clear that "the basic idea dealt with in this paper originated from a few teachers of Tsing Hua and Yen-ching. The writer has had the privilege of discussing and developing it with Mr. T. New and Mr. J.B. Tayler respectively of these two institutions". The paper reads:

"That the present system of agricultural education is inadequate, is now generally recognized. It is alleged that the schools do not reach the kind of people for whom they were established. Instead of teaching the farmers, the agricultural schools are giving agricultural education to students, many of whom have never in their life seen a real farm or else have no

intention to work on the farm after graduation. Although the high standard maintained in the agricultural schools has its own scientific value, unless the system is radically changed, their work may not meet the real needs in the farms and the urgent questions in rural communities may long remain neglected. To bridge over this gap, namely to bring the farmers and agricultural schools together, has become a practical and pressing problem.

"It has therefore occurred to us that with the means close at our hand, we might possibly attempt at innovation aiming to make agricultural education of more real and direct benefit to the farmers than it has hitherto been.

"The scheme as conceived by us presupposes that Tsing Hua College and Yenching University will readjust themselves, even at the risk of lowering the academic standard commonly followed by schools of their rank in other countries, to meet the immediate needs of China. This will call for a shorter course than that now given by these two institutions. A two-year teaching course followed by some field work is suggested. Subjects included in this course shall be those of direct interest and practical value to present-day Chinese farmers.

subsidize the societies involved during the first six months or until the first improved crop is harvested.

"The system of circular visits by the advisers and lines of work to be taken up by them at the different stages of the movement, should be carefully planned and supervised. This can most conveniently be done by the C.I.F.R.C. with the assistance of the colleges, for this organization has the advantage of close and constant contact with the various societies.

"In either of the three ways, the graduates from the proposed school will serve as connecting links between the age-old practices and the scientific methods of agriculture.

"High hopes are therefore entertained that the program, of which this is but a brief outline, may be tried out and that the resultant success will warrant its repetition here and elsewhere, thus blessing the multitude who toil to feed our millions."

JUNE, 1928

#### "ENLIGHTENED AND METHODICAL"

The report of the Director of the International Labor Office submitted to the 11th. session of the International Labor Conference, held at Geneva on May 30, 1928, made a special mention of the C.I.F.R.C. in con-

nection with its co-operative work in the following terms:

"... that considerable results have already been obtained in China among the peasants through the enlightened and methodical work of the International Famine Relief Commission"—*Co-operative Information*, No. 9 (72), Geneva, 1928.

OCTOBER, 1928

#### CO-OPS HELP TO HANDLE RELIEF LOANS

Realizing the usefulness of small capital, free from interest, to the farmers who suffered from crop failures, the Committee on Rural Co-operation has proposed to the Executive Committee to create a special fund which is to be lent to the farmers for rehabilitation purpose through the co-operative societies of recognized standing. These societies are to act as agents for the committee, although, of course, the loans from the fund shall be available to all worthy applicants irrespective of their membership in the co-ops.

On Aug. 16, the Executive Committee have accepted the proposal and authorized the application of \$10,000. with which to start the project off on an experimental basis. The preliminary report of the Rural Improvement Department, in whose charge the responsibility

involved falls, was so encouraging that on Sept. 18, the Executive Committee tabled a recommendation to the campaign committee in New York asking that a sum of G. \$10,000 be set aside to enable the Commission to extend these loans to more villages, than the initial sum would make it possible. The request was promptly acceded to, and the G. \$10,000 was received for that purpose.

It is, however, to be regretted that the amount being still rather limited, not all villages can enjoy the benefit of these highly appreciated loans. Moreover, not all famine-stricken villages have co-operative societies. Steps are therefore being taken to devise special means whereby these loans may be put into operation in the absence of co-ops, if funds permit. The regulations as presented to the Executive Committee and adopted by them follow:

1. The societies shall act as agents of the C.I.F.R.C. in dealing with these loans.

2. The loans from this fund shall be made under the following conditions:

a. Purpose: For all rehabilitation purposes including food for the needy families till nearest harvest.

b. Interest: Free.

c. Term: No longer than a year from date of borrowing. No extensions.

d. Security: Loan agreement to be signed by two responsible guarantors and must be passed by the executive committee of the society handling the fund.

3. The responsibility of the societies consists of the following:

a. To pass loan applications.

b. To account for the monies entrusted to it by the C.I.F.R.C.

c. To collect the loans when due and to return the proceeds to the C.I.F.R.C. on agreed date.

4. All expenses, including charges for the transfer of the money from and to the C.I.F.R.C., stationery, postage, travel, etc. shall be borne by the C.I.F.R.C. Except under extraordinary circumstances, such as when the rate for the transfer or money is abnormally high, etc. the aggregate of all these expenses shall in no instance exceed 10% of the money dealt with in each case.

5. In entrusting the money to the society of recognized standing, the C.I.F.R.C. is confident that the societies concerned will discharge their responsibility in a highly commendable manner and does not desire to interfere with the details involved. On other hand, the C.I.F.R.C. reserves the right (1) to appoint inspectors when necessary to supervise and check the actions of the societies and (2) to recall the funds, in part or in whole, when irregularities should be found.

### THIRTY FARMER LADS ATTEND COLLEGE

Three Ag. Institutions Co-operate in Unique Enterprise—C.I.F.R.C. has Part

Oct. 29, 1928, will be remembered in the history of agricultural education in China to be the first day on which young men from the rural districts can really enter a school of college standing with a view to study practical scientific farming as developed by the well known schools of higher learning in



## Europe and America.

Tsing Hua and Yenching universities in co-operation with the Hsiang Shan institute jointly conduct the "Nung Shi Kiang Shi Ssu" (or the Institute of Agriculture) in the neighborhood of Tsing Hua under a joint committee, known as board of directors, whose membership includes two delegates from each participating institution and two others elected by the six delegates from among persons outside of these schools.

That the farmers are not slow in seizing their opportunities for education, can be seen from the enthusiasm shown by the applicants for admission. Soon after the courses were announced, applications came in. As many as 167 of them were received up to Aug. 15, the last day for registration. Of this number, 87 were allowed to take the entrance examination. Thirty were finally chosen from those taking it. Statistics as to geographical distribution follow:

	Per- sons	Who represent	
		Hsiang	Provinces
No. of applications:	167	43	Hopei, Shantung, Hupei, Fengtien, Chekiang, Hunan, Peking.
No. permitted to take entrance examination:	87	33	Hopei, Shantung, Hunan, Fengtien.

No. taking examination:	53	31	Hopei, Hunan, Fengtien.
No. admitted:	30	22	Hopei, Hunan, Fengtien.
In attendance, Oct. 31:	28	—	—

To make it possible for those who require assistance, the Commission has offered a number of scholarships so that financial difficulty alone should not compel the enterprising young farmers to abandon their plans entirely. Some of the courses to be offered and the names of their respective teachers follow.

Subjects	Teachers
Applied arithmetic	Wang Chao-tai
Principle of dairy industry.	Wang Chao-tai
Principle of poultry industry.	Chow Ching-fu
Reclamation	Chow Ching-fu
Practical Chinese,	
Rural problems,	Chow Ching-fu
Principle of horticulture.	Chow Ching-fu
Entomology and spraying.	Chow Ching-fu
Personal and public hygiene.	Chow Ching-fu
Games and physical education.	Chow Ching-fu
Public speaking.	Shen Shou-tuan
General science,	Ching I-chang
Principle of plant industry	Shen Shou-tuan

Plant pathology, Honet Liu  
Animal husbandry.

Yu Chen-chou

Veterinary science,

Chen Shun-yun

Soils, Honet Liu

Bookkeeping, Chang Ichang

Farm wood lot, Honet Liu

Seed (pioneer) work,

Yu Chen-chou

The directors are Morris J. B. Taylor, chairman, Honet Liu, secretary, H. S. Hsiao, treasurer, T. New, principal, L. Chu, C. F. Chow, Y. L. Feng, R. Feng.

# GOOD SPIRIT DISPLAYED BY HARD-HIT FARMERS

Co-operative Movement pushed on  
with Renewed Vigor—Local  
Talents Discovered

Like all things, the co-operative movement felt the effect of the famine and the war. In worst cases, one or both of these causes have been responsible for the winding up of sprouting units, promoting members being driven away by various irresistible forces, machine gun fire or continued crop failure.

It is however encouraging to find that as soon as the war is over, quite a number of enthusiastic co-operators have resumed their activity. Commission's inspectors who have just returned from a six-week trip over the field were able to report progress and renewed vigor

on the part of the farmers themselves. Fresh interest is in evidence in many a center. Reconstruction has started.

New societies are being formed at an increasing rate, as our correspondence indicates. The figures below represent the extent of the movement as on Oct. 30:

Designated Not Total  
recognized

No. of Societies	144	473	767
Then members	4,845	10,171	15,016

Through the constant and thorough coaching made possible by the co-operative policy of the Commission's co-operative work, quite a number of rural leaders are fully conversant in co-operative matters. They have a fair conception of the system both in principle and method. As a means to induce local initiative, some of the men have been enlisted as honorary correspondents and assistants in field work. In fact, fourteen such have been certified as qualified to serve in these capacities. To carry this idea still further, three are now serving as assistant inspectors, accompanying the "regulars" in a tour of inspection just completed. Their work was reported to be perfectly commendable.

## R.I.D. ENTERTAINS

Conducts "Co-operation Day"

The day following the entrance examination given by

the Institute of Agriculture, referred to elsewhere in this number, was utilized as "Co-operation Day". While waiting for the results of the examination, the students were entertained by the members of the Rural Improvement Department.

It was Oct. 26, a bright, cheerful day. In the hall of the National Technical College, where the examination was held, invited speakers including leading men in official and social circles, greeted the farmer lads. More serious aspects were touched upon by the speakers in the afternoon. The guests were literally "fed up" in the amount and variety of information freely given out by the various lecturers. Nevertheless the young men participating in the "day" felt (and they had reason to feel too) that the day was well spent, having heard and seen things rarely met with in their native villages.

Aspects of the co-operative movement were discussed. In fact, co-operation was the key note to all thesis forming the different speeches delivered. The effect of the day on the students, regardless of their success or failure in the "exam.", was beneficial all round; and the cause of co-operation was put before a group of promising youth in an atmosphere characterized by

friendship and service.

#### TRAINING COURSE TO BE ORGANIZED BY LOCAL CO-OPS.

Training was given to the co-operators by the C.I.F.R.C. for three years past so that utilizing the idle winter, the farmer co-operators were put through some form of drill which was to equip them with the technique of administration essential in the discharge of their duties as officers or organizers. All three courses so far offered were undertaken upon the initiative of the Commission, varying in objective and methods from year to year.

For the coming winter, a new type of training course is being planned. The work will be made of local origin and interest, the task of organization being largely left to the local groups of Co-ops. The Commission of course stands ready to help; for instance, the Commission designates localities where groups can be formed, to give suggestions as to topics to be dealt with, provides lecturers where competent local talents cannot be found and subsidizes the expenses, etc.

#### WANTED: A DEFINITION FOR "CO-OPERATION"

The following inquiry was published in the July (1928) number of the *Chinese Social and Political Science Review* by

Mr. Y.S. Djang. Correspondence is invited.

The students of economics attempting to find a definition for Co-operation may well be amazed and disappointed by its absence in the existing literature on the subject which has of late evoked considerable interest among scholars and social workers. I failed to find the definition in standard works including those by Wolff, Fay, Gide, etc.

It is true that Fay had one, possibly others. Oftentimes, too, one sees it in the current literature. But what was attempted was definitions for the varied forms or types of co-operative enterprise and not for co-operation as a general term. I, therefore, venture to offer the following version which should well serve as the basis for discussion.

Co-operation is a system of business organization, conceived in the spirit of democracy, in which are associated men of limited resources and meager wants who, by their combined strength, self government and their effort to bring supply and demand closely together, endeavor to secure for themselves the economic and social advantages which the men of means and greater wants generally enjoy in the purely capitalistic enterprises.

Readers are invited to criticize, improve and discuss the

proposed definition in any way they please. Moreover, it is highly probable that there is a well established definition which has simply escaped my notice. If such is the case, will some one enlighten me?

DECEMBER, 1928

#### CO-OPERATIVE FLAG RECEIVED

As a token of their friendly interest in the C.I.F.R.C., the National Union of the Distributive Co-operation Societies at Paris has sent the Commission a silk flag in rainbow stripes, the official design of the co-operative emblem. This flag is made of heavy silk and is beautifully blended in its shadings.

This emblem is being duplicated by a Chinese co-op. in Hopei. Copies may later be had from the head office at cost.

FEBRUARY, 1929

#### CO-OP. KILLS GAMBLING

Peikwan co-operative credit society of Anping, Hopei, sent in a report stating that on Dec. 27, 1928, a musical club was formed among its members, as a result of a recent anti-gambling campaign promoted by the society. While the society did not give credit to co-operation for this new reform, it is evident that co-operation has been exerting a strong influence over the people. The realization that gambling and co-operation do

not stand together, give rise to the musical club.

#### CO-OPS. HELP IN RELIEF WORK

Thirty-eight rural co-ops. have thus far undertaken to administer \$75,942 under the "Relief Loan" plan. Twenty-five of the societies have reported on the distribution of the loan, showing that no less than 1,865 families have been benefitted. Great care was exercised lest favoritism and profiteering may enter. Investigators were able to report that the rural co-ops. show remarkable sense of duty and business efficiency in doing this form of services in their respective localities.

#### FARMERS RUN 4TH ANNUAL CO-OP. COURSE

Farmer co-operators in 1928 organized and carried out an educational program of their own. The annual training courses given during three previous years were directed by the Commission while the fourth course given for 1928 was largely due to the initiativeness of the local co-ops.

The part played by the C.I.F. R.C. last winter was merely in prescribing general principles to be followed and to give assistance where needed. The bulk of details involved including inviting lecturers, delegates from local societies, accommodation, program, etc. was undertaken

by the co-ops. themselves.

The Commission has designated villages where groups may be formed for training. Centers thus chosen were Hsiaokao of Chaohsien, Loutsun of Laishui, Chungcho of Anping, Peichao-peichwang of Shentsch, and Hsiliuchingchwang of Lihsien.

As soon as these centers were announced, the societies concerned began at once to make preparations. As a result, the five societies soon reported that they were ready. On February 20, Chaohsien, Laishui and Anping groups have completed their task and Lihsien group was just in session, leaving but Shentsch group to meet at a later date.

The Commission sent representatives to each of these groups and gave assistance in teaching some of the subjects. Lecture notes were mostly provided by the C.I.F.R.C. which also helped to meet a part of their expenses.

The groups were well organized and conducted, bespeaking the organizing ability of local leaders. It is interesting to note that many of the men most active in the work were those who took similar courses given by the C.I.F.R.C. in previous winters. Data concerning the three groups that have already met follow:

Representing	Organizing	Date.	Representing
Hsien	Society		Soc. Hsien
Chao	Hsiackao	Dec. 16-20	97
35			
Chao	Ningcheng		
	Yuanshi		
	Luancheng		
Laishui	Loutsun	Jan. 2-6	85
37			
Anping	Chungcho	Jan. 22-26	104
45			
Anping			
Jao yang			
Shulu			
Shentsen			

#### DIVISION OF LABOR HELPS "CO-OPERATION"

Routine duties and Promotion Work Separated in Head-Office Department—Tung and Cho are Executive Members of C.R.C.—Yang now Heads the R.I.D.

The Rural Improvement Department underwent a thorough reorganization on January 8, 1929. By the new arrangement, the purely routine duties of the department are separated from the promotional and educational aspects, so that suitable personnel may be secured for each type of work.

At the meeting of the Committee on Rural Co-operation held on January 8, two members of the Committee, Messrs. S. T. Tung and Chao Hsuan-mao were designated as executive

members who are required to attend office hours. Their duties are to attend to various phases of the enterprise fallen under any of the following categories:

Supervision of department work, solving problems arising therefrom.

Making of new proposals and studying of proposals brought before the committee.

Improving the services rendered by the department—notably investigation and statistics.

Editing the "Co-operation News", preparing articles, making translations from foreign literature, suggesting topics for investigations, etc.

Training course—Determining policy, curriculum, inviting teachers, etc.

Improving the efficiency of recognized societies—especially savings, unions, etc.

Extension work—into new areas, new types of co-operation, rural industry, etc.

Serving as a medium among co-operative agencies at home and abroad.

Attending all other matters not otherwise attended to.

Mr. Yang Shi-cheng, since November 20, 1923, connected with the co-operative work, was then appointed Chief of the Rural Improvement Department. His work is confined to matters of a routine nature.

APRIL, 1929

## CO-OP. EMBLEM ON SALE

Through the International Labour Office, Geneva, the head office has secured an official design of the international co-operative emblem, consisting of a reproduction of the spectrum, woven in French silk. Copies in cotton of this emblem have just been successfully made by a co-operative in Kaoyang. A limited number of the copies can be had at 75 cents each, postage extra, at the head office.

JUNE, 1929

## LEAGUE TO PUBLISH CO-OP DATA

C.I.F.R.C. co-operative data will be included in the forthcoming issue of the International Directory of Co-operative Organizations, which forms one part of the International Labour Directory of the International Labour Office of the League of Nations at Geneva. The Labour Office, wishing to collaborate its own work with all institutions tending toward international organization and information, reached an agreement with the Secretariat of the International Co-operative Alliance and has taken steps to make the tables in this International Directory (which will include all organizations in the Alliance) form a sequence with the statis-

tics of the Alliance itself.

The proposed edition will consist of two parts: The first will give, wherever possible, the title of each organization and a translation into French, English and German, its address, the date of foundation, chief officials, its national and international affiliation and recent membership figures. The second part will present in tabular form supplementary data illustrating the various activities of the organizations.

The International Directory of Co-operative Organizations shows the international co-operative organizations, and then for each country the confederations, and federations covering the whole country, as well as those organizations which, without being national, are the chief or only representatives of a particular form of co-operation or of a particular tendency in the movement.

## C. C. CHEN VISITS JAPAN

Dr. C.C. Chen, Executive Secretary of Shantung Committee, returned April 24 from a three-week trip to Japan where he represented China at the Japanese agricultural conference when he had the opportunity of visiting the organization of the Central Union of Co-operative Societies and the Central Bank of Co-operative Societies. These

are the foremost co-operative organizations in Japan. Dr. Chen will write up the result of his findings for the Commission. C.I.F.R.C. publication "Rural Co-operative Credit in China" has been translated into Japanese by the Central Union. Other publications brought back by Dr. Chen are the "Co-operative Year Book, 1929," History of Japanese Co-operative Movement, Present Status of Co-operative Societies, monthly Issue of "Co-operation", "Present Status and Financial Report of the Central Bank of Co-operative Societies and the Consumers, Co-operative Movement in Japan." Dr. Chen's two reports are appearing in the current numbers of the "Co-operation News".

Dr. S. T. Tung, executive member of the Committee on Rural Co-operation left for Java to attend an agricultural conference April 25 and returned to Peking June 14.

OCTOBER, 1929

#### PROBLEMS OF PROGRAM AND POLICY STUDIED

The questions of the future policy of the C.I.F.R.C., of the program of relief work to be followed during the coming months,.....have received a good deal of thought by the Executive Committee during the early autumn.

The need for considering these questions was emphasized in a memorandum submitted by Mr. Grover Clark to the Executive Committee on September 1.... At the meeting on September 6, the Executive Committee voted to name a Sub-Committee.... to consider these questions.... The Sub-Committee also has laid before the Executive Committee the proposal—though not in the form of a specific recommendation—that the work of the Rural Improvement Department should be given more attention, particularly because of the demonstrated value of this work as famine preventive activity.

Under the plan as partially formulated by the Sub Committee, the Business Department, the Engineering Department and the Rural Improvement Department would be on a par, as the three main Departments for relief work and administration.....

#### 62 MORE CO-OPS

Sixty-two rural Co-ops received recognition from the Committee on Rural Co-operation on Sept. 18, bringing the total number of recognized societies to 246 with a total membership of 1,819. On October 10, there were 547 Co-ops with a total membership of 13,440 applying for C.I.F.R.C. recognition.



One hundred twenty-two new Co-ops were formed during the summer. The figures by months were: May 40, June 34, July 11, Aug. 19, Sept. 18.

### 30 OUT OF 516

Thirty new students were admitted on September 15 to the Rural Workers Training School which is conducted jointly by Tsing Hua University, Yen-ching University and the Hsiang Shan Orphanage, and financially supported by the C.I.F.R.C. The students had passed a competitive examination given in the Law University, Peking. 516 applied, of whom 181 were allowed to take the examination. The thirty successful candidates represented forty-three hsien and three provinces—Hopei, Shansi and Suiyuan. The two latter provinces had one student each.

### HELP TRAINING SCHOOL

In order to make possible the continuation of the Rural Workers Training School, near Tsing Hua, the Executive Committee allocated \$8,000 for the expenses for the academic year 1929-30. This school is administered by Yen-ching University, Tsing Hua University and the Hsiang Shan Orphanage jointly, with the expenses covered by the C.I.F.R.C. The results for the first year (1928-29) were decidedly satisfactory.

### WRITES ON JAPAN

Dr. C. C. Chen, till Oct. 1, Executive Secretary of the Shantung Committee, has published his two reports on his observations on Japanese co-operative movement in the *Co-operation News* for June and July. Dr. Chen visited Japan to attend as a guest the annual convention of Japanese Agricultural Association and read a paper about the co-operative movement in China. His paper was translated into Japanese.

His two papers appeared in the *Co-operation News* bearing the following titles: "Organization and Activities of the Central Union of Japanese Co-operative Societies" and "Notes on the Central Co-operative Bank of Japan".

### 74 ENTERTAINED

"Co-operation Day", started last year, was conducted for the second time in connection with the entrance examination of the Rural Workers Training School. On September 16, 74 of the candidates were entertained by the staff of the Rural Improvement Department, the program consisting of lectures delivered by a number of invited speakers and the day ended up by having a group picture taken and by a feast.

Mr. Cho Hsuan-mao, executive member of the C.R.C., was

the presiding officer for the morning session while Mr. Y. S. Djang took charge of the afternoon program. The "Day" was observed in the hall of the Law University—the old parliament building.

Proceedings of the Fourth Annual Co-operative Training Course have been published as C.I.F.R.C. pub. B. 33.

#### LIKE THE CO-OP FLAG

The "Co-operative Flag" which has been worked out for the Co-ops of the C.I.F.R.C., is well liked by the International Labor Office at Geneva, as indicated in a letter written on behalf of Dr. G. Fauguet there. Part of this reads:

"I think this flag is a very successful effort as it has happily overcome the greatest technical difficulty residing in the great number of shades which have to be placed in juxtaposition. We are very pleased to hear and will be very pleased to make known that the rainbow emblem can now be seen in the villages of interior China."

The copy of the flag sent had been worked out by the Yang Tso Credit Co-operative Society.

#### INTERNATIONAL ALLIANCE

By vote of the Executive Committee on September 27, the C.I.F.R.C. is applying for membership in the International

Co-operative Alliance, the headquarters of which are in London. The Alliance is an active organization co-ordinating data on co-operative work throughout the world.

DECEMBER, 1929

#### "RELIEF LOANS" WELL WORTH WHILE

These were given out in the fall of 1928 for rehabilitation purposes in southern Hopei and were handled through the co-ops acting as C.I.F.R.C. agents. Some outstanding facts brought out in a study made on Dec. 6, of returns follow: (1) over 74% of the money was utilized by non-members of the co-ops; (2) on Dec. 6, 77% of the money has come back on due date with 23% outstanding not yet due or remittance pending; (3) loans were used for food, 62.25%; repaying debts, 11.15%; implements 8.25%; animals, 8.15%; seeds, 4.7%; repairing house, 2.5%; fertilizers, 1.5%; sundries 1.5%. (4) while 10% was set as maximum for overhead, the cost of administration for this project is about 3.5% over all.

FEBRUARY, 1930

#### 717 CO-OPERATORS TRAINED

Farmer co-operators in 1929 as in 1928 organized their own training courses for the officials of their societies. The fifth training course was given in ten centers:

Kwangping	Feihsiang
Pohsiang	Yuanshi
Tanhsien	Ankuo
Shengtsu	Hochien
Lianghsiang	Hsiangho

Soon after the course was outlined and announced in the Co-operation News for October, societies have lost no time in making the necessary preparations. This resulted in the successful opening of all these ten units, except the group at Lianghsiang. At the nine different places, a total of 717 co-operators received their training. They represented 334 societies in 39 hsien.

The C.I.F.R.C. has followed the plan of last year in the amount and character of help given. This was in two ways, providing necessary teaching staff and subsidizing their expenses. Each unit may receive a subsidy not to exceed \$100 or \$1 per member attending. The net amount given out in 1929 was about \$620. This money went to defray the overhead expenses of the undertaking. Delegates attended the course entirely at their own expenses.

One outstanding feature of the course in 1929 was the active participation by the officials and members of the Kuomintang party. Much enthusiasm was of course in evidence among the delegates and teachers.

## CO-OPS MAKE GOOD RECORD IN 1929

Twenty-nine out of 246 recognized co-ops, attained the grade A as result of a recent classification of societies by the Rural Improvement Department.

The system for grading the societies was introduced in 1926. As a means to determine the relative efficiency of each unit society as compared with the general average performance of all recognized societies in existence.

The grading process proved to be an effective means for encouraging good societies to remain good and inferior ones to improve. The result of the last four years gives clear evidence of this effect as shown in table below:

For 1926 and 1927, the co-ops were divided only into three classes, D and E classes not being introduced till 1928. Societies less than a year after being recognized or about which information is incomplete have not been classified. The decreasing percentage of the "Unclassified" column indicates better records being kept of, the societies and more intimate knowledge of the activities among the different co-operatives, by the head office staff.

Year	No. of Recogd Societies	Grading					Unclassified Soc. %
		A Soc. %	B Soc. %	C Soc. %	D Soc. %	E Soc. %	
1926	97	— —	2 2.06	29 29.89	— —	— —	66 68.04
1927	129	5 3.88	12 9.30	46 35.65	— —	— —	66 51.16
1928	169	7 4.14	39 17.76	24 14.20	42 24.85	22 13.02	44 26.05
1929	246	29 11.79	46 18.70	88 35.77	28 11.38	38 15.44	17 6.91

### DEFINITIONS OF "CO-OPERATION"

**C. R. Fay:** The co-operative society is an association for the purpose of joint trading, originating among the weak and conducted always in an unselfish spirit, on such terms that all who are prepared to assume the duties of membership share in its rewards in proportion to the degree in which they make use of their association.

**E. Jacob:** The co-operative society (*Genossenschaft*) is a corporation of persons (*Personalgesellschaft*) based on the equal right of members, formed by an unlimited membership, which aims at furthering the industry and household economy (*Erwerb und Wirtschaft*) of its members by means of a common business to be carried on on the principal of pure self-help, or with the assistance of state-help.

**T. Ueda:** The co-operative society (*Sangyo-kumiai* or *Kyodo-kumiai*) is a business organization, formed by working-people, or by small producers, and carried on in common on the principle of self-government and in the spirit of mutual-help, in order to escape the oppression of capital, or otherwise to ameliorate the conditions of labour, of business pursuit, or of household economy of its members.

**Y. S. Djang:** Co-operation is a system of business organization, conceived in the spirit of democracy, in which are associated men of limited resources and meager wants who, by their combined strength, self government and their effort to bring supply and demand closely together, endeavor to secure for themselves the economic and social advantages which the men of means and greater wants generally enjoy in the purely capitalistic enterprises

## APPENDIX 6—WHAT DOES IT COST TO EXPERIMENT?

### DIGESTED DATA ON COST OF THE C.I.F.R.C. CO-OPERATIVE CREDIT WORK

The C.I.F.R.C. co-operative experiment has aroused much interest among a number of people in many lands. Just what this work has cost the Commission is a question often asked. With a view to furnish a fairly reliable answer and, more particularly, to present at this stage a few facts on the cost of conducting an experiment of sociological nature, the writer has prepared the following three simple tables with a few notes that suggested themselves in the course of preparation. I think the data are worth preserving.

Table One—Cost of Supervision for Loans outstanding and Societies in existence by year<sup>(1)</sup>

Year	Gross <sup>(2)</sup> expenses	Less refund <sup>(3)</sup>	Net Expenses	Total loans out- standing	Soc. in Exist- ence	Cost of Supervision	
						for capital %	per society
1924	\$ 1,488.82	—	\$ 1,488.82	\$ 3,290.00	11	45.0	\$135.50
1925	967.65	\$ 14.43	953.22	6,860.00	100	13.9	9.54
1926	6,686.28	6.90	6,679.38	24,215.00	317	27.4	21.05
1927	8,331.94	73.53	8,258.41	29,922.67	546	27.5	15.10
1928	7,924.31	28.72	7,895.59	35,331.24	597	27.5	13.25
1929	10,864.90	37.96	10,826.94	43,226.22	809	25.0	13.40
1930 <sup>(4)</sup>	5,089.27	238.70	4,850.57	49,395.00	—	—	—
	Less sundry refunds		\$40,952.93				
			2,256.13				
			\$38,696.80				

(1) All figures are taken from audited statements as of Nov. 30 of each year and as published in the Annual Reports of the C.I.F.R.C.

(2) For details and percentage distribution, see Table Three.

(3) Proceeds from sale of literature, etc.

(4) Up to March 31, as per books.

Table Two—Interest earned on "Rural Co-operation Capital" Fund and Transferred to Supplement Grants for Overhead as on March 17, 1930.

<i>Date transferred</i>	<i>Amount</i>	<i>When total capital in operation was</i>
September 30, 1925	\$ 85.55	\$ 5,000.00
March 25, 1927	949.38	45,000.00
March 15, 1928	2,577.26	51,000.00
August 15, 1928	614.35	51,000.00
April 11, 1929	1,477.57	50,900.16
December 5, 1929	1,714.33	50,725.16
March 17, 1930	843.73	69,725.16
Total interest earned	\$8,262.17 <sup>(5)</sup>	
Total grants for expenses	36,149.53	
Bank interest	358.78	on expense fund on deposit.
	\$44,770.48	
Less balance on hand	6,073.68	March 31, 1930.
Net cost of work	\$38,696.80	since November 15, 1923.

Table Three—Details and Percentage Distribution of Expenses by Year<sup>(6)</sup>

<i>Year</i>	<i>Salary</i>	<i>Travel</i>	<i>Stationery</i>	<i>Printing etc. (7)</i>	<i>Training Course</i>	<i>Total</i>
1924	\$932.00 (63.0%)	\$237.16 (15.7%)	\$88.96 (6.0%)	\$230.70 (15.3%)	—	\$1,488.82
1925	415.00 (43.0%)	346.60 (35.8%)	123.88 (12.7%)	82.17 (8.5%)	—	967.65
1926	1,661.40 (24.8%)	785.62 (11.7%)	513.06 (7.8%)	219.26 (3.2%)	\$3,506.94 (52.5%)	6,686.28
1927	4,824.65 (57.9%)	1,941.87 (23.4%)	777.28 (9.3%)	788.14 (9.4%)	—	8,331.94
1928	5,200.93 (65.5%)	914.91 (11.6%)	687.66 (8.6%)	450.89 (5.7%)	676.92 (8.6%)	7,924.31
1929	6,374.29 (48.7%)	2,386.91 (21.0%)	1,270.24 (11.7%)	598.21 (5.5%)	335.25 (3.1%)	10,864.90

NOTES—1. Of net cost of \$38,696.80, \$7,004.49 (\$8,262.17 less interest accrued in the bank amounting to \$1,257.68) or 18% was derived from the interest paid by the borrowing societies. In

(5) Including \$1,257.68 being bank interest on capital fund on deposit.

(6) To these expenses should be added those incurred by the head office of the Commission, such as house rent, heat, light, water, postage, etc. amounting to about \$700 yearly.

(7) Including miscellaneous expenses such as charges for forwarding funds on loan to borrowing societies, etc.

other words, 18% of the supervising and organizing expenses were met by funds originated from the co-ops making loans from the C.I.F.R.C.

2. From Table Two, some idea can be obtained of the effective rate of interest on funds placed at the disposal of the co-ops, thus:

<i>Between</i>	<i>Term</i>	<i>Interest</i>	<i>Capital</i>	<i>Rate %</i>
Nov. 15, 1923-Sept. 30, 1925	1 yr. 10 m.	\$ 85.55	\$5,000.00	0.94
Sept. 30, 1925-Mar. 25, 1927	1 yr. 6 m.	949.38	45,000.00	1.40
Mar. 25, 1927-Mar. 15, 1928	1 yr.	2,577.26	51,000.00	5.02
Mar. 15, 1928-Aug. 15, 1928	5 m.	614.35	51,000.00	2.90
Aug. 15, 1928-Apr. 11, 1929	8 m.	1,477.57	50,900.16	4.35
Apr. 11, 1929-Dec. 5, 1929	8 m.	1,714.33	50,725.16	5.07
Dec. 5, 1929-Mar. 17, 1930	3½ m.	843.73	69,725.16	4.10

3. No increase in capital fund was made since Dec. 13, 1929, and last E.C. grant for overhead expenses was received on Feb. 19, 1930.

Peiping, March 31, 1930.

Y. S. D.

## GLOSSARY

Accommodation advance	援助儲金借款	Central agency	總會
Additional grant (all advances to the societies, other than the basic sum of a certain definite maximum, granted for whatever reason)	加借款 (不拘為何理由而核准者)	Central banks	中央銀行
Agricultural society	農業合作社	Central wholesale society (C.W.S.)	總批發社
Application for opening savings account	儲金額存	Chief inspector	總調查員
Application for recognition	承認請願書	Committee on Credit and Economic Improvement	農利分委辦會
Buying society	購買合作社	(the "C.C.E.I.")	
Capital	資本 (或營業資本)	Committee on Rural Co-operation (the "C. R. C.")	合作委辦會
		Consumers' society	消費合作社
		"Co-operation News"	合作訊
		Co-operative retail store	合作商店
		Correspondent	通訊員

(Continued on page 138)

## APPENDIX 7

### CO-OPERATIVE LITERATURE OF THE C.I.F.R.C.

#### 1. Publications Series A.

No. 18—農村信用合作社簿記  
程式 (50 cents)

#### Series B.

No. 10—The Study of Chinese  
Rural Economy, (25  
cents).

17—第一次合作講習會彙  
刊 (40 cents)

18—Rural Co-operative  
Credit Societies—Mo-  
del Constitution, Sav-  
ings, Regulations and  
other Rules. (10 cents)

19—Rural Co-operative  
Credit in China.

21—農村信用合作社之在  
中國 (out of print)

23—第二次合作講習會彙  
刊 (30 cents)

25—第三次合作講習會彙  
刊 (50 cents)

27—農村信用合作社會計  
規則 (20 cents)

28—Scientific Disaster Re-  
lief.

32—農村信用合作社是什  
麼

33—第四次合作講習會彙  
刊

34—農村信用合作社章程  
(20 cents)

37—Herr Raiffeisen Among  
Chinese Farmers, (40  
cents).

Co-operation News 合作訊  
2 cents a number. Free to  
rural co-operative credit socie-  
ties in Hopei.

#### 2. Important Statements, Official Memoranda, and Special Articles (On application)

1. Letter to the Executive  
Committee reporting early ad-  
vances and presenting further  
needs. By the chairman and  
secretary of the C. C. E. I.  
(March 1, 1924)

2. Report of the Adviser on  
Rural Co-operation (May 21,  
1924).

3. Letter from the secretary  
of the C.C.E.I. to the C.C.E.I.,  
(Oct. 15, 1924)

4. "Will the Chinese Farmers  
Remain Financially Indepen-  
dent?", by Y. S. Djang, *China  
Weekly Review*, (Nov. 22, 1924)

5. Questionnaire for Inspec-  
tors, May 13, 1925, and later



revisions in use.

6. "Report on Rural Co-operation", by J.B. Tayler and Y.S. Djang, June 16, 1925. An interim report to the Executive Committee of the C.I.F.R.C. by the chairman and secretary respectively of the C.C.E.I.

7. Summary of loans granted to the various rural co-operative credit societies as shown by records on Dec. 15, 1925.

8. Conditions which a society is required to observe when applying for loans. Effective during 1925 till further notice. (Dec. 23, 1925)

9. Ruling re: Date of Repayment of Loans, (Dec. 23, 1925)

10. Ruling Concerning the Seals, (Dec. 23, 1925)

11. Ruling Concerning Officers in Societies, (Dec. 23, 1925)

12. "A Proposal for the Utilization of the Remitted British Indemnity Fund for Famine Prevention"; by M. T. Liang, chairman, C. I. F. R. C., March 16, 1926. This and the paper listed below were presented to the (British) China Indemnity Delegation, headed by Viscount Willingdon, G.C.S.I., that visited China during 1926 by appointment of the British Parliament.

13. Proposed Program for Extension—I. Capital; II. Organizing Overhead. (March 24, 1926)

14. Rulings re: granting loans for terms longer than one year, fiscal year, election of officers and cost of supplies. (Mar. 24, 1926)

15. "Proposal for the Development of Rural Co-operative Credit in China under the Auspices of the China International Famine Relief Commission", by J. B. Tayler, Y. S. Djang and W. H. Mallory. (April 1, 1926)

16. Regulations concerning the reserve for savings deposits. (April 5, 1926)

17. Model constitution for the local unions of the rural co-operative credit societies, (April 16, 1926)

18. Ruling re. grading of societies, (April 30, 1926)

19. Requirements for the supervisors' certificates, (Apr. 30, 1926)

20. Factors and scales for grading rural co-operative societies. (May 7, 1926)

21. Request for funds for the establishment of rural co-operative credit societies from members of the Committee on Credit & Economic Improvement in Nanking. (May 14, 1926)

22. An order from the magistrate of Ting Hsien to the police department of Ting Hsien. Dec., 1927. (a translation)

23. Memorandum from the

C.I.F.R.C. to the Ministry of Agriculture and Labor, Dec. 8, 1927. (a translation)

24. Letter from the Ministry of Agriculture and Labor to the C.I.F.R.C., Dec. 16, 1927. (a translation)

25. Report of a visit to the Japanese co-operative organizations. (Dec. 16, 1926)

26. To "Land" Science in China—A practical Scheme for the introduction of scientific agriculture to the Chinese farmers. By Y. S. Djang, (Mar. 2, 1928)

27. Letter to the Executive Committee on extension of assistance through co-ops to farmers affected by the drought famine. By S. T. Tung, chairman, C.R.C., (July 25, 1928)

28. Letter to the Executive Committee on extension of work. By S. T. Tung, chairman, C.R.C., (July 25, 1928)

29. A memorandum from Y. S. D. to the Chief, R. I. D., (July 28, 1928)

30. Committee on Rural Co-operation Report, by T. New and J. B. Tayler, November, 1928. Submitted the 4th. annual meeting of the C.I.F.R.C.

at Tientsin, Nov. 15, 1928.

31. Letter to the Executive Committee suggesting extension of work into Shantung. By the Executive Secretary, (Jan. 10, 1929)

32. Letter to the Executive Committee respecting increase of capital fund and new grant for overhead. By the Executive Secretary, (Jan. 10, 1929)

33. Letter to the Executive Committee reporting status of "Relief Loans". By the Executive Secretary, (Jan. 10, 1929)

34. Letter to the Executive Committee concerning the British portion of Boxer indemnity for co-operative work. By the C.R.C., (March 15, 1929)

35. Letter and a memorandum addressed to the British Minister at Peiping, by M. T. Liang, (April 30, 1929)

36. An account of co-operatives in Li Hsien, Hopei, by Li Ying, an independent observer, (August, 1929)

37. Memorandum concerning loans for rural co-operative credit societies from banks that are interested in agriculture, by Y. S. Djang, (September 4, 1929)

"..... Industrial combination is a force; co-operation is an idea ..... co-operation was born and fostered amid jeer and suspicion and when it justified itself in deed, it was taken up by many who neither knew nor appreciated its early struggles. ...."—C. R. Fay.

## Glossary

(Continued from page 134).

Council of inspection	監查會	Model accounting book	簿記程式
Deposit slip	存款領書	Monthly business report	月報表
District union	地方聯合會	Mounting paper for savings stamps	儲金券
Executive committee (E. C.)	執行委員會	Mutual aid society	互助社
Export society	出口合作社	Original membership	發起社員
Field inspector	外班調查員	Owen, Robert	歐文
Friendly society	互助社; 友誼社	Over-limits grant (over the maximum credit of a society granted in consideration of local receipts)	額外借款 (為自集款項而核准者)
General body (of Union)	代表大會	"Pioneers"	"先導者"
General meeting	全體大會	Producers' society	生產合作社
Governing body (of Union)	常務部	Provincial union	省聯合會
Housing society	居屋合作社	Purchase society	購買合作社
Inspector (of the Commission)	調查員	Raiffeisen, F.W.	雷發實
Insurance society	保險合作社	Reserves	公積金
Joint work shop	聯合工廠	Rochdale	路得代爾
Loan	放款	Rural co-operative credit society	農村信用合作社
Loan application	借款請願書	Rural co-operators' training course	合作講習會
Local receipts (savings and deposits)	自集款 (指儲金及存款)	Savings stamps	儲金小票
Loss	虧耗	Savings account deposit book	儲金簿
Manufacturing society	製造合作社	Schultz, H.	休爾志
Marketing society	販賣合作社	Selling society	販賣合作社
Maximum credit of individual members	社員信用程度	Society's use-of-loan statement	放款清單
Maximum credit register	信用程度評定表	Staff inspector	巡查員
Member of council of inspection	監查委員	Supervisor (of the union)	經理員
Member of Executive Committee (M.E.C.)	執行委員	Union	聯合會
Membership application	入社願書	Urban co-operative credit society	市鎮信用合作社
Membership share	社員股	Wholesale society	批發合作社
		Withdrawal slip	支取單

